





Gen Sherman

# JOHN SHERMAN;

WHAT HE HAS SAID AND DONE,

BEING A HISTORY OF THE

# LIFE AND PUBLIC SERVICES

OF THE

HON. JOHN SHERMAN,

SECRETARY OF THE TREASURY OF THE UNITED STATES.

BY THE

REV. S. A. BRONSON, D.D.

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## INTRODUCTION.

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THE following sketch has been prepared, not at Mr. Sherman's request, nor that of his friends, but by his consent, with the caution that there should be no exaggeration. It was his evident wish to be presented to those who know him not, just as he appears to those who *do* know him. All that relates to the Sherman family and ancestry has been gathered from authentic historians of Connecticut. The facts of his private personal history have been gathered from the writer's own knowledge, and from that of Mr. Sherman's sister, and his neighbors, corrected by himself.

It is intended by the writer to make this narrative a plain, simple, common-place statement of the leading and characteristic facts of Mr. Sherman's life; to cover up nothing that would tell against him, and exaggerate nothing in his favor. It is firmly believed that whoever reads this sketch, and afterwards makes his acquaintance, will find Mr. Sherman the same straightforward, earnest, laborious servant of the public that he is here represented to be.

This book is meant to be, not an argument to support a candidate for the Presidency, but such a statement of what Mr. Sherman has said and done as shall enable an intelligent public to judge whether or not the subject of it worthily deserves to be President.

Lest, however, some may take up this little volume that have not the leisure nor the taste to wade through the ponderous deeds and solid speeches here so briefly stated, nor the time and thought needed to appreciate the efforts by which so mighty a work has been achieved, the writer will present a brief digest of the facts and the reasons for presenting them.

The writing and publishing of a sketch of Mr. Sherman's life at this time will necessarily be regarded as an attempt to pave his way to the Presidency. The publication of it may mean that; but in the whole sketch, as it now appears, that thought was very little in the writer's mind. It is his conviction that resumption has made Mr. Sherman a greater man than the Presidency ever can. As the capture of Vicksburg, the surrender of Lee, and squelching the rebellion has made *General* Grant greater than *President* Grant, so resumption and the victory over the frauds in the New York Custom House have proved Mr. Sherman a greater man than the Presidency ever can.

Still multitudes in this land will put the question to this narrative, drawn up by his friend, whether John Sherman is a suitable man for the Presidency of the United States. Let us consider.

I. What qualities are required in a President?

II. Whether Mr. Sherman is possessed of those qualifications.

I. The qualities required in a President are:

1st. He should be a man that can manage well his own business. To do this requires that one should govern himself. An impulsive, heedless man may, by some sudden stroke, amass great wealth, but by a move equally sudden he may lose it all. With such a man it would never be safe to intrust the government of a nation.

2d. To be eminently successful he "must be temperate in all things." Neither "a gluttonous man nor a wine-bibber" can safely and judiciously conduct his *own* affairs. No man can excessively indulge his appetites without impairing his judgment. There may be a time when the duties of the Presidency will require the most nicely balanced exercise of the judgment; and excessive indulgence may be attended with the most terrific consequences. With a well-balanced judgment, Louis Napoleon would hardly have commenced war with Germany when he did. There are times, in the midst of popular excitement, when great coolness and deliberation are required. Such times are by no means rare, and a man with a cool, calculating head, a man of nerve and firmness, a man that fears nothing but wrong-doing, may be worth vastly more to the nation than one with the opposite qualities.

3d. We need a man for President who, by his training and culture, will sustain the dignity of the office, and command the respect of the nation, as well as that of the representatives of foreign nations. The success of the present administration is doubtless very much attributable to the dignity and unsullied purity of the executive mansion.

4th. We need a man extensively educated, at least practically, in the science of government; and one that understands not only our own government, its constitution and laws, but those of other nations with which we come in contact.

5th. We need a man who has ideas and opinions of his own, and has courage to express them. A man may have the best thoughts, and form the best and wisest plans, but if he be too timid to express them till he learns whether they will be accepted, they will come too late from one

who is appointed leader. He must be learned in the art of governing sufficiently to know the best plans and measures, honest enough to adopt them, and have firmness enough to carry them through in opposition to his most devoted friends.

6th. To make the best kind of a President, he must have forecast or prescience enough to suggest and urge the adoption of plans that are needed to take effect, often years in advance. One that occupies a position sufficiently elevated to look so far ahead, may have much to contend with. He may seem to those around like a dreamer, a visionary enthusiast, and have hard battles to fight with his friends. It may require much patience, cool reasonings, curbing the temper under provocation, and long waiting.

7th. It is desirable that the President of the United States should be a man of some magnetic power over the minds and wills of men. This may be of two different kinds. One may be a genial, whole-souled man, taking the people right to his heart. This is the most pleasing form, and on some occasions, and for some emergencies, may be the best. The other is of a commanding, energetic power of will. This is a force that carries the mightiest sway, and doubtless was the secret of Napoleon's power. We do not read that he was much given to "shaking hands," that he was on familiar terms with those about him, that he was "hale fellow well met" with any body. His real force lay in the unbending majesty of his will, and a mystic power of making other wills succumb to his.

8th. We need a man that is unquestionably loyal to a republican form of government.

9th. We need a man that has been long enough before the public to let us know, not only that he professes all

these things, or that his friends claim them for him, but to test him in trying circumstances, and learn whether these good qualities are genuine or shams.

II. Does Mr. Sherman possess the qualities here prescribed? A survey of this sketch it is believed will give a decided affirmative answer.

1st. As to the management of affairs. During all his course, from the very commencement of his business life, his maxim has been always to keep his expenses within his income. Because he is comfortably provided for, some have hinted (but no responsible charge was ever made to that effect) that he has used his position to accumulate wealth. No instance of any improper use of his position for any such purpose has been or can be named. A young lawyer that could lay aside a thousand dollars a year, from the age of twenty-one, can be trusted to manage the affairs of the nation. Mr. Sherman has made many investments, and the writer can not learn that he ever made an unsuccessful one, except that the winter froze in his boat and cargo in the Muskingum River, when he was sixteen years old. Certainly it will be safe to intrust the government in the hands of one so successful in conducting his own interests.

2d. As to appetite, whether eating or drinking, sleeping or waking, business or amusement, no man ever controlled himself more perfectly than Secretary Sherman. When on the point of being mobbed at Toledo he entirely disarmed the infuriate masses by his very coolness and calmness. The public may be assured that no emergency in the government will arise to disconcert him. This self-control is, in part, the secret of his control over others.

3d. Does Secretary Sherman possess the kind and the

## INTRODUCTION

degree of culture required for the office of President of the United States?

The main elements of the highest culture may be classed under three heads:

1. Heredity.
2. Education.
3. Personal energy and talent.

1st. Hereditary culture or blood is of no small account in fitting a man for a commanding position in society. Here we may be met by the fact that the lamented Lincoln was of humble origin, and came up by his own efforts from obscurity. No doubt his parents were poor, and he was thus deprived of many of the advantages of an early education. But the strong probability is that Lincoln inherited a long line of ancestral culture of the choicest kind. Heredity often dips into the ground and disappears, for sometimes two or three generations. We know not what Lincoln's father might have been had he not been cut off by the Indians, nor what was the wealth and culture of his grandfather in Virginia, nor of his Quaker great-grandfather in Pennsylvania; but there is little doubt that he was a Lincoln, of Lincolnshire, in England, and that he was heir to the choicest culture of any in that shire. It may have been remote, but not too remote to appear in the noblest specimen of manhood that America has produced. In this respect Lincoln may have had the advantage of our Secretary. Mr. Sherman's ancestry is traceable not to any rank of nobility except merit, and to the solid, liberty-loving yeomanry of the county of Suffolk. Being transferred to this country, the family never ceased (as will appear in this narrative) to hold a leading position in the counsels of town, state, and the nation. The term Honorable has been prefixed to some seven generations of Sher-

mans, not by prescription, but by *merit* among his *peers*; and when the Stoddard blood, inheriting some of the intellect of Jonathan Edwards, came to mingle with the Shermans, it certainly tells admirably in favor of the hereditary culture of the Honorable John Sherman.

2d. In education, as will be seen, Mr. Sherman's advantages were upon a par with most of the statesmen that grew up with him, having been drilled by the best teachers of the time, when it was the custom to study out lessons and not ride ponies.

3d. As to native talent and personal energy, this narrative will show that Mr. Sherman has scarcely an equal, and no superior. He has been tried as Roger Sherman was, and as Lincoln was. His father died and left him poor, his only inheritance being an untarnished name.

There is a species of art, now somewhat in vogue, called *répoussé*, in which the force that produces the raised figures on the outside is exerted from within. This is precisely the force that has produced such characters as Roger Sherman, Abraham Lincoln, Wilson, Garfield, and John Sherman. Witness the latter sent to make his way with strangers, at eight years of age, and for years of his early youth following the surveyor's chain, his courage in defending the temperance lecturer, and, when business was slack, loading a barge for Cincinnati. As he began life depending on himself, so he continued, as this whole narrative will show. The industry and success of the man in the acquisition of knowledge are only equaled by his practical good sense in applying it.

4th. Not only in regard to *culture*, but in respect to the *knowledge* acquired and retained. Knowledge of the finances of all nations, revenue systems, coinage, diplomacy, international law, etc., Mr. Sherman is never taken aback.

He has always made it a point to be ready on every measure presented for action, and never to speak nor act in the dark.

5th. As respects having opinions of his own, and courage to express them, the question never has been asked. *Opinions* is not the word. The true expression is *convictions*, and they are strong, and his expression of them bold. When a candidate for Congress the first time, a young man as he was, he was asked in a neighborhood of abolitionists if he would vote for the abolition of slavery in the District of Columbia, he said plainly, No, though he knew it might jeopardize his election. When shown the alleged Weber letter, he was asked if he wrote it. At first he slightly hesitated, because it began as though he might possibly have written it, and such is the unflinching courage of the man, that had he written it he could not have disowned it. Many instances confirmatory of this trait will appear in the following sketch. The country may be assured that whatever measure Mr. Sherman thinks best will be favored by him, whether it be avowed by Democrats or Republicans. The present National Bank system, engineered by him through Congress, is almost identical with that suggested by President Buchanan in 1857.

6th. As respects Mr. Sherman's forecast or prescience, nothing more is needed to satisfy us than the brief history of resumption here sketched, and the quotations made from his speeches on that subject. An instance showing this came under the writer's own knowledge. Some months before the late Presidential nomination was made he asked Mr. Sherman, then Senator, who would probably be the nominee? Without hesitation, he said probably Governor Hayes. It is quite evident that if Mr. Sherman allows himself to be nominated he will be elected.

7th. In magic power of will, Mr. Sherman may almost be said to rival General Jackson, and in some respects to surpass him. The following was Mr. Corwin's opinion of Jackson. Mr. Corwin was Secretary of the Treasury when the General died. A man came into the office one day, and asked him if he thought General Jackson was in heaven. "I presume he is," said he. "But why do you think so?" "Because," said he, "the General would always have his way." So Mr. Sherman will have his way. Not by taking the "responsibility" and forcing it, but by patiently waiting to accomplish it in a course of obedience to law. Mr. Sherman's whole course in Congress showed his strong faith, that when the people of this country understand what is right and best, sooner or later they will do it. His prescience or foresight has commonly, long beforehand, enabled him to see what was best, his courage led him to urge it, however unpopular, and his patience was such that he could wait for his resources of reason and fact to bring it about. Mr. Sherman is not so stubborn as to kick against the people uninstructed, but will stand and wait till they understand him. In his last report he has recommended the taking away the legal tender quality of the Greenbacks, not as a political or party move, but because he thought it lawful and right and prudent as a measure, and is willing now to wait till the people realize it.

8th. In respect of loyalty there can be no question. If the devotion of the family for two hundred and forty years to the interests of this nation, through King Philip's War, the War of the Revolution, of 1812, and his personal efforts in mustering the Sherman Brigade, and the offer to resign his senatorial honors and enter the army, do not prove his loyalty, nothing can.

9th. Mr. Sherman has been long enough in public life to become acquainted with his business—long enough for the people to know exactly what he is and how he will conduct the Government if the reins are put in his hands. For twenty-four years he has been in office, and been a bold and fearless leader, and in all that time his bitterest foes—and he has had many—have never been able to throw any mud and make it stick. In times like these for a man to walk the tight-rope of American politics in sight of the whole people, for so many years, and never stumble nor trip, demonstrates that he can be safely trusted with the reins of Government for at least four years.

But safety is not all. If John Sherman is made President, the nation may rest assured that the White House will be occupied by no starched-up, high-feeling aristocrat, but by a party who will be ready to treat all alike, with due consideration and respect, and there will be hearts to sympathize with the humblest sufferer. No man, it is said, has ever administered the Treasury with more courtesy and affability and kindness to those under him than John Sherman. A man who thus makes himself agreeable to twelve thousand employes under him, may reasonably be expected to do so to the whole nation if it shall come under his administrative care.

## HON. JOHN SHERMAN.

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### CHAPTER I.

#### THE SHERMAN FAMILY.

THERE may be many advantages arising from an ancestry distinguished by merit, or eminent moral and intellectual attainments. It is a well-established maxim that "blood will tell." Heredity is always regarded as important, and, in truth, great stress is universally laid upon it. Traits of character, tastes, dispositions, habits, culture, mental and physical, that are strongly marked in one generation are likely to leave their impress upon the next, and often reappear with even greater distinctness in the third and fourth generation. This truth should be strongly impressed upon the mind of every head of a family, that all he is, for good or for evil, may reappear in, and exert its force upon, the third or fourth generation.

A brief review of the history of the Sherman family may afford some indication of the source of that self-governing power of will, that has guided the Honorable Secretary so securely for twenty-four years of public life, in the stormiest period of this Republic, and carried him on, in spite of the strongest opposition of both friend and foe, to an achievement that has given him a world-wide fame.

"The name of Sherman is by no means a common one

in England," says Hollister in his *History of Connecticut*, "though it has been highly respected and honored." Sir Henry Sherman was one of the executors of the will of Lord Stanley, Earl of Derby, County of Lancaster, dated 23d of May, 1521. William Sherman purchased Knightston in the time of Henry VIII. A monument to William Sherman is in Ottery, St. Mary, 1542. John Sherman and his son both died in the same place in 1617. "*The Shermans of Laxley*, (from Davy's manuscript collections relating to the county of Suffolk (England), deposited in the British Museum),—Thomas Sherman (1st), of Laxley; 2. Thomas Sherman (2d), of Laxley; 3. Thomas Sherman (3d), gentleman, of Laxley and Stutson, afterwards of Ipswich; 4. John Sherman, son of Thomas Sherman (2d); 5. William Sherman, eldest son of John, married Mary Lascelles, of Nottinghamshire. He was aged thirty-one years in 1619. His son John came to America in 1634, and settled in Watertown, Massachusetts, near his cousin of the same name, from whom he is distinguished in history as Captain John Sherman." This Captain John Sherman was the ancestor of Roger Sherman, the signer of the Declaration of Independence. Of him Hollister speaks (vol. ii, p. 438) as follows:—

"Sherman (Roger) was of a grave and massive understanding; a man who looked at the most difficult questions, and untied their tangled knots, without having his vision dimmed, or his head made dizzy. He appears to have known the science of government, and the relations of society from his childhood, and to have needed no teach-

It is quoted here because there seems to be so great a resemblance between the character, moral and intellectual, of Roger Sherman, as drawn here by the historian, and that of our present Secretary of the Treasury.

ing, because he saw moral, ethical and poetical truths in all their relations, better than they could be imparted to him by others. He took for granted, as self-evident, the maxims that had made Plato prematurely old, and had consumed the best hours of Bacon and Sir Thomas More, in attempting to elaborate and reconcile the inconsistencies of the British Constitution.

"With more well-digested thoughts to communicate than any other member of the Convention," (to adopt the Constitution of the United States), "he used fewer words to express his sentiments than any of his compeers. His views, uttered in a plain, though didactic form, seemed to be so presented, in a course of reasoning, as to be an embodiment of reason itself.

"With a broad-based consciousness, extended as the line of the horizon, where calm philosophy and wild theory meet and seem to run into each other, he saw at a glance the most abstruse subjects presented to his consideration, and fused them down, as if by the heat of a furnace, into globes of solid maxims, and demonstrable propositions. Nor did he look merely at the present hour, but with a sympathy as lively as his ken was far-reaching, he penetrated the curtains that hid future generations from the sight of common men, and made as careful provision for the unborn millions of his countrymen, as for the generation that was then upon the stage of life.

"These traits of character belonged to the Shermans by the double tenure of inheritance and the endowments of nature. He was descended from the Shermans of Laxley, in the County of Suffolk, England, as well as from the Wallers, the Laxleys, and other families in the maternal line, belonging to the solid landed gentry, who had helped to frame the British Constitution. Three members of the

Sherman family emigrated to America in 1634. Two of them, Samuel Sherman" (the ancestor of Secretary Sherman), "who soon removed to the valley of the Connecticut, and was one of the strongest pillars of the colony; and the Rev. John Sherman, who was famous throughout New England as the best mathematician and astronomer in the colony, and one of the most eloquent preachers of that day, were brothers, and are not unknown to fame."

The mental characteristics of Secretary Sherman, being so like those of Roger Sherman, as it is believed these pages will render apparent, it will be of interest to witness the like schools in which both have been trained.

Roger Sherman was a grandson of Captain John Sherman, first cousin of the above, and inherited the best traits of the family. "But good lineage and intellectual powers of a high order, were not adequate of themselves to form such a character as Sherman's. It was to be tried in the school of poverty, and to buffet the waves of adversity, before it could gain nerve and strength enough to baffle the sophistries of the British ministry, defy the sword of a tyrant, or successfully oppose itself to the headlong flood of popular passion." (Hollister's *Hist. Conn.*, vol. ii, p. 139.)

The first mention made of that branch of the Sherman family from which our Secretary of the Treasury is descended, by Cothren, in his *History of Ancient Woodbury*, is in the following words:

"The court grants Mr. Samuel Sherman, Lieutenant Wm. Curtiss, Ensign Joseph Judson, and John Minor, themselves and associates, liberty to erect a plantation at Pomperouge; provided it doth not prejudice any former grant to any other plantation or particular person; pro-

vided any other honest inhabitants of Stratford have liberty to joyn with them in setleing there, and that they enterteine so many inhabitants as the place will conveniently enterteine, and that they settle there within the space of three years."

"In October, 1675, Wm. Curtiss was appointed by the General Court captain of sixty men, to be raised in Fairfield County, to serve in King Philip's war, with power to appoint his inferior officers. In May, 1676, when the people of Woodbury were at Stratford, on account of this war, he and Mr. Samuel Sherman were appointed Commissioners for Stratford and Woodbury. Intimately associated with Captain Curtiss in all that related to the welfare of the new town, was the Hon. Samuel Sherman. He was, at the date of its settlement, undoubtedly the most distinguished man connected with the enterprise. He was from Dedham, Essex County, England. He came to this country in 1634, and, previous to the date of the new plantation, had been a leading man in the colony. He had assisted in the settlement of several other towns in the colony, and now undertook the same for Woodbury." (*History of Woodbury*, vol. i, pp. 60, 61.) He died previous to 1684, our Secretary being the seventh in the line of direct descent from him. His son, the Hon. John Sherman, was one of the first company in the settlement of Woodbury, and his fame is more particularly the property of the town than the others. He was distinguished not only in the town, but also in the colony. He was a justice of the quorum, or Associate County Court Judge, for forty-four years, from 1684, a representative of the town seventeen sessions, and Speaker of the Lower House in May and October, 1711, and in May and October, 1712. He was Town Clerk twenty-five years, and first Judge of

Probate for the district of Woodbury from its organization, 1719, for nine years."

To show that our Shermans inherit something besides Sherman blood, a word or two may be recorded of the Rev. Anthony Stoddard, who is an ancestor of our Ohio Shermans. Says Cothren, vol. i, p. 79:

"During the continuance of this" (French and Indian) "war, it is related that one Sabbath evening, after the conclusion of the services at church, while the Rev. Mr. Stoddard was walking in his garden, near the Cranberry Pond, he discovered an Indian skulking among the surrounding trees and bushes. Apparently without noticing the movements of the Indian, he contrived to reenter his house and obtain his gun. After playing the same game of skulking with his adversary for awhile, Mr. Stoddard got a fair view of him, discharged his piece, and he fell among the bushes. He dared not investigate further that night, but, having quietly given the alarm, the inhabitants sought their palisaded houses for the night. Early in the morning he discovered another red foe in the vicinity of his companion, whom he also laid low with his musket."

On November 17, 1774, it appears that a town meeting was held, of which Daniel Sherman, the great grandfather of the Ohio Shermans, was moderator, to take into consideration measures for carrying into effect the "Resolves of the late General Congress," and of the House of Representatives of Connecticut, one of which was to have no dealings with the "foes to ye Rights of British America."

At a legal meeting of the freemen of the town of Woodbury, September the 19th, 1775, Gideon Stoddard and Daniel Sherman were put at the head of a 'Committee of Inspection,' numbering thirty, who held their office

during the war of the Revolution. In the year 1781, General Lafayette, with his chief officers, lodged at the house of Daniel Sherman. They were on their way to join General Washington in his operations against Cornwallis."

"At a legal meeting of the inhabitants of the town of Woodbury, April 3, 1777, Daniel Sherman, Esq., was chosen moderator. Voted that the selectmen in this town, for the time being, be a committee, as is specified in the Resolve issued by his honor the Governor and Committee of Safety, dated March the 18th, 1777, to take care of such soldiers' Famelys as shall enlist into the Continental army."

"It will be seen that this order was given by the Governor, with the advice and consent of the 'Council of Safety.' This council was appointed annually by the Assembly, and was composed of from nine to fourteen of the most distinguished men in the State, whose duty it was to assist the Governor when the Assembly was not in session."

In cases where necessity and safety required immediate action, or on small matters, the Governor, at his discretion, was authorized to convene a part of said council, not less than five, to act with him. The *per diem* allowance to each of the council for this service, including their expenses, was settled at eight shillings. Woodbury was for four years, from May, 1777, represented in this council by Daniel Sherman. Another member of the council was Roger Sherman.

"Daniel Sherman was perhaps the most distinguished man that had arisen in the town to his day," says Cothren, vol. i, p. 190. "He was a descendant of Samuel Sherman, of Stratford, was a justice of the quorum for twenty-five years, and judge of the Litchfield County Court five years, from 1786. For sixteen years he was Probate

Clerk for the district of Woodbury, and judge of that district thirty-seven years. He represented his native town in the General Assembly sixty-five sessions. This was by far the longest period of time any one has ever represented the town. He was of commanding powers of mind, of sterling integrity, and every way qualified for the various public trusts confided to his care. His son, Taylor Sherman, the fifth from Samuel, was married, in 1787, to Elizabeth Stoddard, the great-granddaughter of the parson who shot one Indian after church on Sunday and another before breakfast the next morning. He lived and died as a lawyer and a judge in Norwalk, Connecticut. He was one of those who went West to arrange a treaty with the Indians in 1808, and the same year came to Ohio again to make a partition of the Firelands. He died in May, 1815, and his widow came to Ohio, and died in Mansfield, in 1848."

As the Sternens have been more or less intermixed with the Stoddards from very early times in the history of Woodbury, and as some of the marked characteristics of Secretary Sherman seem to have been derived from that source, it will be proper to give something of a sketch of that remarkable family. Anthony Stoddard emigrated from the west of England, and came to Boston about 1639. He married first, Mary, daughter of Hon. Samuel Downing, of Salem, and sister of Sir George, afterward Lord George Downing. Solomon, one of his sons, graduated at Harvard in 1662, and settled as minister at Northampton, Massachusetts, 1672. Anthony, a son of the latter, graduated at Harvard, 1697, and settled at Woodbury, and for his first wife married Prudence Wells, and for his second wife Mary Sherman. His grandson, Israel, by his first wife, married Elizabeth Reader; and their daughter

Elizabeth married Hon. Taylor Sherman, who was the grandson of the Hon. Daniel Sherman, of Woodbury, and the grandfather of Secretary Sherman. The Rev. Anthony Stoddard was for sixty years pastor of the first church at Woodbury. He was, at the same time, not only a faithful and very successful minister of the Gospel, but a well educated physician and lawyer. He was Clerk of Probate for the district of Woodbury for a period of forty years. His intellect and acquirements were of a high order. (*History of Woodbury*, pp. 140-141.)

The Stoddards and the Shermans were rigid Presbyterians. So remarkably firm was Mrs. Elizabeth Stoddard Sherman in that faith that she would go nowhere else to church. One of her grandchildren says: "She always made us stand around. Her will was law. I could coax mother to let me do as I pleased, but never grandmother."

The Hon. Charles R. Sherman, son of the above, a man of no less note than his more remote ancestors, lived in Norwalk, Connecticut, was admitted to the bar in 1810, and married Mary Hoyt. This was a union in every way worthy of both. The Hoyts were a numerous family in Norwalk, and among the early settlers. Many of them engaged in commercial pursuits.

During the Presidency of Mr. Monroe, Mr. Sherman was made Collector of Internal Revenue. Two of his deputies, being defaulters, involved him in financial embarrassment, from which he never recovered. This was the providential turn in affairs that threw his family upon their own resources, and made it necessary for John Sherman, of Ohio, to be trained in a school similar to that of his relative, Roger Sherman.

"In 1811, C. R. Sherman and his wife started for Ohio, traveling on horseback, carrying their infant child upon a

pillow, alternately, before them. Being established permanently in Lancaster, he rose rapidly to eminence as a polished and eloquent advocate, and as a judicious and reliable counselor at law. Indeed, in the elements of mind necessary to build up and sustain such a reputation, few men were his equal, and fewer still his superior in the State of Ohio, or out of it. But it was not only in the higher region of legal attainment that he gained superiority; his mind was enriched with choice classical cultivation."—*Hon. C. R. Sherman's Life*, p. 4.)

As we have had, among Mr. Sherman's ancestry, a person who came down from the pulpit and shot an Indian, so also have we a judge, who came down from the bench and preached a sermon. When failing one Saturday night to reach the place of holding the court on Monday, in company with several prominent lawyers of Lancaster, they resolved, out of regard to the sacred day of rest, to remain at a small town over the Lord's day. As there was no minister of the Gospel there, Judge Sherman was pitched upon to hold service and preach, which he did to general acceptance. (*Sherman's Life*, p. 6.)

A favorite anecdote of Judge Sherman, the sentiment of which indicates the character of our Secretary, as well as of his father, was the following Irish bull, uttered by Sir Boyle Roche in the Irish parliament: "Mr. Speaker, the experience of my whole life has convinced me that the only safe way to escape from danger is to meet it plump in the face." The motto on the Sherman coat-of-arms is suggestive: "*Conquer death by virtue*." At the age of thirty-five, when Mr. Sherman was only fairly launched upon a successful legal practice, before accumulating more than barely enough to pay the expenses of settling in a new country, he was complimented by the Legislature of

Ohio with the appointment of Judge of the Supreme Court. True, it was complimentary, but it was little else. The salary of a Judge in Ohio, at that time, was scarcely enough to support a single man, to say nothing of a wife and a rapidly increasing family. But as the Shermans for five generations had mostly held judicial positions, and as that appointment might lay the foundation of a future and more extended legal practice, he accepted with reasonable grounds for bright hopes in the future. Those hopes were blighted. While on the bench at Lebanon, he was taken suddenly ill, and died on the 24th of June, 1829, being in his forty-first year. His widow was now left with limited means, and an abundant family, eleven children, the eldest eighteen years of age, and the youngest six weeks. To the rearing of these she addressed herself, with such care and patience and prayer, as can spring only from a pious mother's love. Sustained by Him who watches over the widow and the fatherless, she was blessed with remarkable success. From a regard to the future good of her family, she made a sacrifice of her own maternal feelings. Mrs. Sherman permitted one or two of her children to be taken into the family of an aunt, one into that of the Hon. Thomas Ewing, afterwards to become General W. T. Sherman, and John, into that of his cousin, John Sherman, a merchant of Mt. Vernon, Ohio, where it was expected he would be educated and trained to business.

The Hoyts, of Norwalk, Connecticut, were mostly Episcopilians, as the Shermans and Stoddards were Presbyterians. But on coming west, and finding no church of her choice at Lancaster, Mrs. Sherman attached herself to the Presbyterian Church. When, however, she had an opportunity, she returned to the Episcopal Church, and

continued a devout member, till her decease in 1852, four years after that of her mother-in-law.

Mrs. Sherman was known to the writer as a woman of quiet, unobtrusive piety, courtly and affable in manner, calm and even in temper, and of a particularly commanding presence. Her very look seemed to say, My authority must be respected. One that knew her could judge something of the source whence the *Senator* derived the firmness and caution that have carried him so successfully through a long career in the stormiest period of this Republic, and all the time in the front rank of the conflict.

## CHAPTER II.

### PERSONAL HISTORY.

JOHN SHERMAN, the present distinguished Secretary of the Treasury, was born in Lancaster, Fairfield County, Ohio, on the tenth of May, 1823, being the eighth child, the seventh born in Ohio. He was six years of age at the time of his father's death, and remained two years—only two years longer—under his mother's careful training. What that culture was, the writer has no other means of learning than what he can infer from the well known tenderness and devotion of a consistently pious mother, and the instruction for little children enjoined by the church to which she belonged. As *she* was in heart and life, it was doubtless her aim to cause her *little ones* to be. We may well conceive that she took her church catechism, called them around her, and asked, "What is thy duty towards thy neighbor?" She prompting them, they answer, "My duty towards my neighbor is to love him as myself, and to do to all men as I would they should do unto me," etc. Under instructions like this, we may, from the results, believe the child to have been reared during the first eight years of his life, the most important of all in the formation of character.

At the age of eight years, as before stated, his father's cousin, M. John Sherman, a merchant of Mt. Vernon, Ohio, a man highly respected in the community, having

been under some pecuniary obligations to Judge Sherman, and fancying the boy because he bore his own name, begged permission of the widowed mother to take the child home, and treat him as his own. Then, at that early age, he bade adieu to his mother's care and tender caresses, and, as it proved, went forth to battle with the world for himself. Mr. Sherman did all for him that a man could do, but the want of a mother's expressions of affection must have been sadly missed, as there was no one to lean on who could supply her place. But the precocious intelligence of the little boy doubtless prevented him from feeling it as another might have done. Still it gave a turn and tone to his whole life.

Mr. Sherman remained in Mt. Vernon four years. At that time there were some thorough teachers in that place, such as Mitchell Miller and others, whose schools he attended. The whole four years found him regularly at school, and his progress was such as to justify the most sanguine expectations as to his future. It was certainly very remarkable, being at the age of twelve years, far advanced in Latin and mathematics. This was unusual proficiencey for one so young and so circumstanced. It showed that he had an inherent taste for learning, that it came easy and was well treasured up.

Of this period, Mr. Sherman writes to a friend thus: "The four years spent by me in Mt. Vernon I regard as the foundation training of my after life. Though the circumstances of my life were not very pleasant, being away from home, yet the schools were very good, and, as you remember, we had some very good masters, as we called them, among the rest Matthew Mitchell. The hard, severe training, both at school and at home, I always

thought gave tone to my temper and character, and I would be glad to acknowledge that much."

From there he was taken by his sister, and placed in one of the best conducted select schools in the then West—that of Samuel C. Howe, at Lancaster. The writer often attended the monthly examinations in Mr. Howe's school, and found the training of the pupils rigid and thorough. Among those educated at that time are several men of prominence. Years afterwards that faithful teacher returned to Lancaster, and pointed to these as "his boys." "John continued there," his sister writes, "till his fifteenth year." "This school," Mr. Sherman himself says, "was the best I ever attended, and when I left it in the spring or summer of 1837, I was reasonably prepared to enter the Sophomore Class in college. It was at this time that I hoped and anxiously wished to go to Gambier, but no member of the family seemed to be in a condition to advance the necessary expenses."

Then to help himself, and relieve his mother of a part of her heavy burden, he looked about for some employment. The appointment of junior rodman, on the Muskingum improvement, seemed to be the most available, and was eagerly accepted by him. He spent two years on that improvement, which service, as to the practical affairs of life, was doubtless the best part of his early training. He was much in the open air, exceedingly important to health and strength, just as the physical system was being developed, and in contact with all sorts of people, some of them rough and lawless. He learned to take care of himself, and from that time to this has been dependent on himself, and has received no aid that has not been repaid with interest.

One circumstance of no little interest, as betokening the

courage and authority of the future man, should not be passed by. This, be it remembered, was in the early days of the temperance reform, when it required courage in its advocates. At this time a temperance lecturer appeared among the laborers, on the slack-water improvement. John Sherman was the only one to sustain the agent, which he did with a speech. While the lecturer was seriously threatened with a mob, none ventured to reprehend our young engineer. There appears, even then, to have been a vein of candor, frankness and sincerity in his manner that commanded the respect even of opponents.

In the winter of 1838-9, having but little to do on the improvement, and as it was not in him to be idle, pay or no pay, he embarked in a salt speculation, of which Mr. McColl, his brother-in law, as long as he lived, used jokingly to remind him. He undertook, though not sixteen years of age, to carry salt from the Muskingum River to Cincinnati, prompted partly by the hope of gain, but mainly desiring to see a city. He failed to make any money, through a severe frost, which detained his loaded barges on the Muskingum River until too late in the season to realize profit. Still he had his trip to Cincinnati, visited his brother Lampson, in the family of Mr. Hammond, gained some experience of the world, was doing something, and for the first time saw a town of any magnitude.

During his stay on the Muskingum Improvement he was much indebted to General Curtiss, or Colonel Curtiss as he was then called, who knew the family, and treated him as a son, and after a few months put him in charge of the work at Bexley, where he remained during most of his stay on the improvement.

While there he still ardently cherished the hope of yet going to college, and at times studied very hard. By the

mutations in politics, the Whigs went out, and the Democrats came in, Col. Curtiss was removed, and shortly after, most of the corps were dismissed for political reasons.

In the summer of 1839 he was again adrift, and returned to Lancaster, where he spent the following winter, again preparing for college.

In the spring of 1840, his brother, the late Hon. C. T. Sherman, being then in a good practice at Mansfield, invited John to come and help him in his law office, while preparing for college. He did this with reluctance, for he had other plans in view; but he went, being guided by a wisdom higher than his own, and has had no cause to regret the move. Here he was so highly favored as to be near his uncle, Judge Parker, and for eight years to be somewhat under the eye and influence of that firm and inbending grandmother, who resided with her son-in-law, the Judge.

Judge Parker was a man of leisure, and some fortune, and took a great interest in his nephew. This is not unnatural after finding out his indefatigable industry, and his facility in acquiring knowledge. He took great interest in examining him, and in directing his studies, being a man of great learning, an able lawyer, and a fine classical scholar. Judge Parker, after finding out what he was, and how far he had proceeded in his studies, advised him to devote his four years to the study of law, instead of dividing the time between college and law. The Judge took the general oversight and direction of the youth's studies, as his brother was very much occupied with the business of the office. John went at once to the study of Blackstone, Kent, and other old authors, on land tenures. The Judge continued to insist that his time was better spent in preparing for the law than it would be in spending a part of

it in college. A man of Judge Parker's sound views would not have so advised, unless he had seen that his nephew was so far advanced in mental culture, that it would have been nearly a waste of time for him to follow the curriculum of a college. The writer of this will venture to say that even now, Mr. Sherman would in a summer's vacation, if need be, fit himself to do credit to almost any department of learning.

The truth is, Mr. Sherman, with his four years' study, and not a little practice meanwhile, was unusually well prepared for admission to the bar. Gradually as his brother's business increased, he took charge of lighter cases, tried several before justices of the peace, and prepared all the pleadings, then conducted in the old-fashioned form, so that long before he was twenty-one he was entirely prepared for examination, and impatiently awaited the time when he could announce himself as an attorney at-law.

A year or two before John was one and twenty, he announced his purpose to leave Ohio and go to Iowa, thinking that there was a better opening there. But his brother thought not. For more than a year before he was admitted to the bar, he was able to more than pay his way, and there was a distinct understanding, that as soon as that should take place, he should be an equal partner with his brother.

He was admitted at Springfield, Ohio, the day he was one and twenty, and on his return to Mansfield, the partnership was announced, and he commenced practice.

When we are told that a young man, admitted to the bar at the age of twenty-one, never laid by, clear of expenses, less than a thousand dollars a year, it seems needless to inquire into his character as a lawyer. One thing is certain, viz: when a claim was sent to him for collec-

tion, if paid by the debtor, the creditor was sure of his money on demand. No money was ever lost through him. This can not be said of all in that profession. Nor would he ever foment litigation, in order to fill his own collar. When he gave advice it could be depended upon, as being for the real interest of his client. It must be remembered that his life as a lawyer only lasted from the age of twenty-one to thirty-one—ten years. There was not time and age enough to have acquired a world-wide fame. Yet he was all the time rising rapidly in the estimation of the public, as an advocate. It was his habit in court, just as it has been in Congress, to waste no time of court or jury upon matters of no importance, none in decorating a plea with the flowers of rhetoric, but to make his way, by the plainest and straightest road he could find, directly to the point or points he wished to make. As he always had something to say worth hearing, and took no more time than was needed to say it, he was always listened to with interest, and never failed in industry or logic to make the most of his cause. On these as his capital, he was fast growing in public estimation, and was often employed as associate attorney. Having become thoroughly acquainted with the laws relating to land tenure, he was somewhat extensively employed as a railroad counselor. Especially was he so employed by the Pittsburg, Fort Wayne and Chicago Railroad, and in this way became a Director in that road, and holds that relation still. It is in the Directors' meetings of that road that he and S. J. Tilden have opportunities to look each other in the face.

The writer has lived nearly ten years in Mansfield, has never taken any active part in politics, and has yet to hear the first word against Mr. Sherman as a man of honesty, integrity, sobriety, and purity. As to all the

moral duties of life, and in all the relations of life, none can say aught against him. Take every command in the second table of the law, measure his life by it, from his entrance upon manhood to the present time, and if an accusation be made the writer ventures to say there is no man living who would dare "throw the first stone." Lest in this respect the writer might be deemed partial, he avails himself of some extracts from an article in the *Cincinnati Commercial* of August 26th, 1879:

"Mansfield's best title to fame at present is, that it is the home of the great financial Secretary, who has been the Moses to lead his people out of the Egyptian darkness of bankruptcy and insolvency, and threatened national dishonor and pecuniary distress, into the promised land of national integrity and general prosperity and content."

Here among his fellow-citizens, where he began life in an humble way, a poor boy, with all his future to shape, he is loved, respected, and admired, and men of all classes mention his name with pride as a citizen of this city. For two days I have been moving about timidly among the men of Mansfield, and have talked with at least one hundred, or obtained the views of that number, and I can not get trace of the least blot on the fair fame of the Secretary as a lawyer, a citizen, a business man, a husband, and a statesman. In every department of life, men who have been associated with him, or opposed to him, are equally warm in their praise and sincere in their tokens of respect; and just such a character as Mr. Sherman sustains in his sphere does Mrs. Sherman sustain in hers.

Said an old gentleman to me: "When John first came to Mansfield he was extremely economical, as was necessary, and never spent a cent unnecessarily. He had a quiet, determined manner, and once started in a direction, he

could not be turned aside until he had succeeded or satisfied himself beyond a doubt that he was not working to a successful result. He always won the confidence of his clients, and was noted for hard labor and hard thinking. He had no bad habits or evil companions, but gave his whole mind, and time, and attention to his profession and business. While not a good fellow and jovial companion in the usual acceptance of the term, he was always genial and affable to all, and seemed always more desirous of winning friendships through respect than establishing a reputation for good-fellowship. While he was a public-spirited and generous citizen, and far removed from any smallness in money matters, he was a shrewd financier, and naturally a money-making man; never, I believe, making a mistake in his calculations about investments. He made it a rule that he must each year lay aside at least \$500, and regulated his expenditures in conformity with that determination. He never failed to do it, and when he saw his \$500 safely invested, then he used more, if there was more, for pleasure, or was more liberal in expenses.

"About six years after he began practice he was able to start the sash and blind factory, which he saw was needed, and that was worth to him about \$5,000 a year for about six years. It paid him in all about \$30,000. Almost every dollar he has to-day was made when he was a private citizen, or as the result of investments made during that time. He has very little to show for his long years of public life, or since he has been paid a salary."

Some years ago a report was started that he had amassed great wealth. Well, he has enough to make him independent, but the insinuation was that there had been something unfair about his acquisition. But the man does not live, and has not lived, that dare make any such specific

charge. Mr. Sherman has bought and sold real estate. He bid up and invested, not merely \$500 a year, as Mr. Hedges says he resolved to do, but more than \$1,000 a year, from the first year of his admission to the bar. He neither directly nor indirectly, by himself or his friends, dealt in any thing or bought any thing that belonged to the Government or could be affected by legislation. No such instance has been shown, nor can it be specified. If there had been such a case it would have been found out before this time, when there have been so many determined efforts to trip him up.

While Mr. Sherman owns stock in some railroads, he has been especially careful to invest in none that center in or about Washington, so as to avoid even the appearance of evil, or of being influenced in legislation by his personal interests.

In the article already referred to from the *Cincinnati Commercial*, is the following: "Mr. Sherman's property, all counted at a liberal estimate, is not much, if at all, over \$100,000, and except some land in Iowa and a square of land in Washington, and his Washington residence, all is here in Mansfield, O. It consists mainly of his residence on West Market Street, with fourteen acres of land, a farm further west on the opposite side of the same street, for which he paid \$8,000, the Stewart Farm, or 'Hill Farm,' as it is called, and some outlying lots. Mr. Wood and Mr. Hedges, two gentlemen who know as much about Mr. Sherman as any other persons, state that his property will not bring over \$100,000, and that had he never gone into public service his wealth would have been at least half a million, at his rate of accumulation."

As Mr. Sherman has used no unfair means in *accumulating* property, he has never been successfully accused of *expending*

it improperly. He has never sought to accomplish his ends by constructive bribery nor promises of offices nor emolument. It has been attempted to fasten such an accusation upon him, and failed. The Potter investigation has been on many a tongue, in the world of polities, for a long time. It was reported, and doubtless some believed, that Mr. Sherman had promised preferment to a certain official if he would make returns in favor of the Republicans, whether true or false, and that a copy of the letter making the promise could be produced, though the original was destroyed. A committee of the House of Representatives was appointed, and twenty thousand dollars expended in the attempt to fasten the charge of corruption and bribery upon the Secretary of the Treasury. What, it may be asked, was proved? Simply that the letter was a forgery.—Mr. Sherman had written no such letter. But so carefully was it written, in order that it might be plausible and consistent with what was known, and thus confessed, to be the integrity of Mr. Sherman, that it promised—what? Simply that if a certain official should be in danger of violence from doing his duty the government would protect him. Out of this forged letter was attempted to be fixed upon him the charge of bribery. But it signally failed; it did not soil the hem of the Secretary's garment, but returned to plague the inventors, insomuch that a prominent politician is reported to have said he would give a liberal reward if any thing could be found to overthrow the Secretary, but he was satisfied that no accusation could stand.

Of this Louisiana accusation, the following is the decision of an eminent legal gentleman, who was conversant with all the facts relating to it, and most carefully scrutinized the evidence and the reports on both sides, and these

accord with the writer's views, after a perusal of the testimony.

"The gist of the attack on Secretary Sherman was, that in a letter to Weber and Anderson, men relied on to furnish evidence showing intimidation and violence in the Presidential election in Louisiana, in 1876, Secretary Sherman, as one of the visiting statesmen sent by President Grant to Louisiana, held out promises to them, in the nature of a bribe, to induce them to furnish the needed affidavits of violence and intimidation, so as to give the returning officers jurisdiction to throw out the vote of East Feliciana Parish, and that it was so thrown out by these means, thus secured by Sherman's bribery. The result of the investigation was to show

"1. That the pretended letter was never written by Mr. Sherman, and was a forgery.

"2. That Mr. Sherman's conduct in Louisiana was strictly in accordance with right and law; and that he and his fellow 'visitors' were *scrupulously* careful to avoid, and that they did avoid, all interference with the officers of election, and all others engaged in making protests and returns as to the election.

"3. That what Mr. Sherman and his associates did was simply to consult with Republicans of Louisiana, and advise as to the preparation of the evidence contemplated by the constitution and laws of Louisiana, to be produced, going to show the violence and intimidation which required the rejection of votes.

"4. That no act of illegality or impropriety was shown against Mr. Sherman."

It may be a satisfaction to the reader of this sketch to see a part of the evidence given by Secretary Sherman before the Investigating Committee, at Atlantic City, July 21, 1878:

"Did you ever write that letter?"

"I desire to say that I never wrote that letter."

"Now, is it possible that you could have forgotten the writing of such a letter as that if you had ever written it?"

"No, sir; I do not think it is. Nor do I think that it is physically possible for me to have written the letter on that day or at that time, or that I ever could have written that letter."

"Have you any reason, other than those you have already given, why you could not have written this letter?"

"One reason why I know I never wrote that letter, why I am morally confident of it, in addition to those that are palpable on its face, is this: If I had written such a letter as that, why was it never presented to me, or why was it never shown to any body, so far as we know, until within the last three months? This letter, according to Anderson, was a letter procured by him to get an office solely to hold as a leverage over myself and others to get office for himself and Webert; and yet Anderson never mentioned that circumstance to me; never said that he had a promise from me, never claimed that he had a promise from me. He was a constant beggar for office of every kind, from a consulship down, and yet he never produced that letter, or said that he had such a letter, or such a promise. I think that that of itself is strong evidence that he had no such letter, either original or copy. He says that he applied to me in March for an office, but he made no reference to a verbal or written promise, as he would have done if he had such a promise; nor did he make any such reference or claims to Senator Matthews, in all their full and somewhat angry correspondence. Nor did he make any such claim to the President nor to Judge Harlan. Although he was pressing his claims for office on all those gentlemen, seeking

to get the kindly offices of Mr. Harlan and Senator Matthews, and constantly applying to the President, yet in all this struggle for office he never mentioned this letter. I consider that as a strong reason that it did not exist. The letter itself, I conceive, bears on its face the improbability that a man in my condition, under those circumstances, would write such a letter as that. That is an argument which would strike a public man, engaged in public life, more than it would an ordinary citizen. I am made in this letter to say that, 'after a long and intimate acquaintance with Governor Hayes, I am justified in assuming the responsibility for promises made.' Such language as that could not be used by a public man of any ordinary discretion. I know very well that, acting as we were under the obligation of a rule by which we refused to interfere in any way with the conduct of any officer, I would not undertake to give any assurance or guarantee (the word guarantee is a legal phrase, and I know the meaning of it), and that is an assurance that I never could have used such language. Therefore, when suddenly confronted with this letter when it was presented to me by the chairman, I could see that the first part of the letter might be true. I have no doubt I did say to friend and foe in Louisiana, that the Republicans in Louisiana who stood by their guns there deserved credit. I believed then, and I believe now, that the conspiracy to defeat a fair election in Louisiana was clearly and plainly proven, and I felt it as keenly as any fact in my life. If I had been a citizen of Louisiana I certainly would have been among those who were killed, because I would have resisted to the bitter end the organization of those rifle clubs, which were marching round at night and driving poor negroes to the swamps. I would have resisted, and probably have lost my life, as

others did. I have no doubt that, in conversation in New Orleans, I evinced a great deal of feeling, as I did in the Senate also. I made the same declarations there; I make them now; I made them in New Orleans. I say that there never can be peace and order and quiet while such things occur as occurred confessedly in Louisiana, in the fall of 1876—scenes of intimidation, and violence, and outrage, and wrong, that I can not read of now without a feeling of resentment. There could be no controversy about it. Here and there an ignorant negro man may back out from what he said then, but the testimony was overwhelming of the existence, in certain districts there, of criminal violence, intimidation, and wrong, which excited me to almost angry protest and remonstrance whenever I talked about it; and I can not talk about it now without a feeling of resentment. I have no doubt, therefore, that when this man says I said to him, what I said to every body who came near me, that these outrages ought to be redressed, that the people ought to be protected against such outrages, and that I believed they would be protected; I have no doubt that I did say it to him, as I did to every body."

The very attempts of others to crush Mr. Sherman have only brought out the purity of his character in clearer and bolder relief. Nor does he owe his success to the aid of powerful friends. He was elected to Congress at the age of thirty-one; because, from a variety of circumstances, he seemed to be the man for the place; and he has been kept in public life ever since, because he was wanted. He was wanted, because there were things to be done that no one else could do as well as he, and he could do them because he was fitted for it. He was fitted for his work—

1. By all the advantages derived from hereditary merit.
2. By great mental capacity.

3. By a strong will and untiring industry.

4. By being, in early life, thrown upon his own resources.

These advantages being marred by no counteracting vices, render him fit for all that has hitherto been intrusted to him and for any office that he may hereafter be intrusted with.

The following gives Mr. Sherman's present impressions respecting the origin of that letter. Says a reporter: "In the first place, I showed the Secretary a bit I had telegraphed to the *Enquirer* from Washington about the Jenks letter, where a Democrat expressed the view that the letter had been manufactured by some strikers in order to make Mr. Tilden think he had found a prize, and to shell out money for more. Mr. Sherman said:

"Well, as to that, I am pretty sure that Mrs. Jenks herself manufactured that letter. The best information I have is, that she dropped this letter in an envelope addressed to herself, containing several inclosures, at a prominent dry goods house in New Orleans, where she had gone to purchase something. The letter was dexterously slipped under some goods she did not take, and when she went away the envelope was noticed. The people who kept the store were radical Democrats, and knew that Mrs. Jenks was suspected to have an original Sherman letter. They, therefore, opened the envelope, kept what it contained, and advised the Democratic managers that they had positively got the expected original."

"She swindled the whole party at one swoop, then, Mr. Sherman?"

"Yes, they instantly prepared their Congressional Committee to go to New Orleans, and they meant to produce this letter on the spot and let it have a terrific effect,

But when they got the letter it slowly broke through their minds what a thorough swindle had been played on them by a mere woman. When that letter was submitted to experts, it was found absolutely impossible for me to have penned it. One of their best experts said to me, "You could not have written that letter, sir, if you had practiced for years upon it. It is not in your hand nor education of your fingers to have written it." They understand now how they were taken in."

Mr. Sherman, it is true, did not have the opportunity of college discipline that some do, but he had the advantage of brains, and industry, and memory, and sound discretion, such as are not found combined in one in a hundred thousand men of collegiate training. Few are capable of accomplishing such achievements once in a life-time, as he has done every year for a quarter of a century. The writer of this has, in the course of fifty years as a teacher, had a great many students under his care, and in all his life he never found but two with mental capacity equal to that of John Sherman. So if Mr. Sherman had not the advantage of early classical culture, he has been thoroughly educated, in the matter of finance and every thing else that a statesman ought to know. If there is any advantage in an ancestry of clear-headed, honest hearted, widely-trusted, and highly-honored men, for two hundred and fifty years past, it is Secretary Sherman's. There are minds that are more effective without classical culture than others are with. John Bunyan was without culture of any kind except what he derived from one book, and he wrote the purest classic in the English language. Classical learning is never to be despised nor disregarded. It may help to enrich the most gifted minds, but what can the most finished culture do towards the training of a statesman? If

a man can think the best and most effective thoughts, devise the best methods, dress them in the most appropriate garb, and know exactly when and where to present them, and infix them into the most minds, is not his the best culture for a statesman? What could Mr. Sherman do with the rich drapery of lore, ancient or modern? He would never put it on. He has no time for it. He is too earnest, too much in haste to accomplish his ends. He will not use stilts so long as he has solid ground to walk on. Mr. Sherman's power lies in being able to make every word tell to the best advantage. His taste has ever been for polities, and, therefore, state papers of all past ages have been carefully studied, and without ever thinking what dress his thoughts should wear, or in what style he should clothe them, that style has unconsciously been formed upon the best models of English and American state papers. In such the best style is to get as much thought as possible into the fewest words. Take an illustration of this.<sup>7</sup> The writer knew a stone-cutter once. He came from Wales. His hands were as white and his skin as fair as a lady's. No one would suppose he ever handled a mallet and chisel. That man, with comparatively little fatigue, would do nearly twice the amount of work in a given time that could be gotten out of the hardest of workmen around. How so? He never struck a blow till the chisel was in the right place. He never made a facing that had to be made over again. So with Mr. Sherman. He wastes no time nor energy upon the winds, but drives directly at conviction. Mr. Sherman's classics are state papers, his mallet a brave and persevering will, his chisel the finest steel of common sense, and its edge truth and equity.

Besides, Mr. Sherman's capacity for learning, as well as

tenacity in retaining it, must be exceedingly great, and only surpassed by his industry in acquiring knowledge; so that it can never be said he is without that peculiar culture that fits him for his position and his work.

Another characteristic of Mr. Sherman is that he always knows where his tools are. Some may think there is too much "red tape" about him, but if there is, it is natural to him. With him, every thing must be in order. He came even from Washington to see that "his fences" were in order! If a debt is due him it must be paid, if he has to give the money to pay it with, as was actually the case in one instance known to the writer. If a debt is due him he expects it when due, not before. His mind acts, too, with tremendous rapidity. This, with the perfect order with which it acts, enables him to approach almost any subject at once, and so logically do his thoughts flow, one after another, that he seems to be well prepared. Then, again, he never employs an instrument till he has learned how to use it. He never speaks without understanding his subject.

That Mr. Sherman had naturally a very keen temper, and one easily excited, may readily be inferred from his whole course in Congress. Had there not been within a strong passion, easily aroused when insulted, he would have been overrun and trodden down, by the end of the first term in Congress, in his frequent conflicts with "Southern chivalry."

A keen temper is said to be as necessary for a man, as for a knife, and Mr. Sherman's temper must have been often put to the test. But that temper was, and is, under the most complete control. Once only in Congress did it master him. That was when he threw the wafers at the M. C. They were less hurtful, however, and served a

much better purpose than bullets. But the fact that such a spirit, so fearless, mastered him but once in all his public life, speaks volumes in regard to the force of his character. Few men, of those who make bolder professions than he does, have all their appetites and passions under as perfect control as Mr. Secretary Sherman. The writer has never heard a word of scandal was ever uttered against him. His food and drink, as to quality and quantity, and his hours of business, of recreation, and of rest, are all arranged as methodically as possible, with a due regard to the promotion of health, and activity of body and mind. None of his energies are wasted in dissipation nor in luxury; and yet he is generous and hospitable. It is said that ambition masters him. Well, it may as well be ambition as any thing, and the man does not live that is not mastered by something. But if ambition does govern him, all the means of gratifying it are under the control of an indomitable will. His aim in life has been to *reach* a high position, his will has ever been to *do* it by faithful service, and attain it by fair and honorable means. Of low and mean art, or enjolay, or bribery, or any thing that shades that way, he never was accused successfully. If he can not attain elevation otherwise than by doing wrong, he will go without it.

He is possessed of a strong will, and one that is prompt to act. A characteristic fact is mentioned by one of his neighbors, which clearly evinces this fact, as well as his courage. While quite a young man, at an election, politics ran high, and the polls being held in a place with a long narrow entrance, the opposite party got possession and blocked up the way with a view to keeping their opponents out. There they stood, some of them old men, besieging the entrance. Mr. Sherman came up with his slim, wiry

frame, threaded his way through the crowd of his political friends, turned round and said: "Whigs, stand firm," and then led the way through the throng to the place of voting, followed by his party friends, without further opposition.

The chief of a bureau came to him one day lately, in Washington, for an order to pay for some machinery. "Has it been advertised?" said the Secretary. "No," said the chief; "there are but two places where it can be made, and we are accustomed to get their bids, and contract with the lowest." "But," said the Secretary, "the law says it must be advertised." "But at least this may pass, for it is made, and we need it." "I can not help that; the law says it must be advertised, and advertised it must be."

And yet with all this firmness, he is not stubborn. He is ready to yield any thing that is not wrong, nor in violation of law. No one was ever more successful than he in conciliating widely conflicting views and opinions, yielding his own preferences, and thus working his measures through Congress. When he could not get all that he wanted, he would take what he could get, and bide his time to get the rest. To be thus firm, and not stubborn, is a trait of great value in a legislator or public citizen.

The following editorial from a Mansfield paper will show the estimation in which he is held by his own immediate neighbors:

"We have watched with interest the discussion in the press as to the election of a Senator from Ohio, and have been highly gratified with the manifest concentration of public opinion in favor of the re-election of Senator Sherman. He grew up among us, and is personally known to nearly all our readers. He came here a lad to study law with his brother, Judge Sherman, and from 1844, when admitted to the bar, he has steadily risen in public estimation. For

ten years he practiced law, and engaged in active business of various kinds. He was attorney for, and aided in the construction of, all the railroads that center here. When he was elected to Congress, in 1854, he carried this county, though a Democratic county of over fifteen hundred majority. He was four times elected to Congress by a majority of over 3,000, and after the first time, was nominated without opposition. Since his transfer to the Senate, we have observed his advancement with a natural pride, and now, in the contest that is going on, he has the hearty support of his old constituents. No man could have pursued such a career, holding always a leading position among his fellow-members, without talents of a high order. In all the leading questions of a time fruitful of great events and difficult problems, Mr. Sherman has been prominent in debate, industrious in committee, watchful, attentive, and prudent, and now his influence in the Senate is conceded by all to be equal to that of any member of that body. Ohio has been conspicuous in national events, in civil and military life, and we feel that Mansfield has contributed her share.

"We feel sure that if the Democrats were to choose a Republican senator, three-fourths of them would prefer Senator Sherman.

"In social life among us he is plain, unostentatious, easy of approach and popular, and his wife, a native of Mansfield, is even more so," — *Mansfield Herald*, Dec. 21st, 1871.

Take also the following from a New York correspondent of the *Philadelphia Times*: "Mr. John Sherman is conceded the shrewdest man in the Cabinet. He is by far the ablest politician connected with the Hayes administration. Hence his views on any phase of the political situation, from a Republican stand-point, are always worth perusal.

Sherman has been described as a cold-blooded man of brains, of the Charles Francis Adams school. It may be so. But ask any newspaper man about Washington, whose business has brought him into contact with high officials of this and other administrations, and he will immediately say that Secretary Sherman is one of the most accessible and courteous of a long line of public men."

The year of Mr. Sherman's attendance upon the National Convention, at Philadelphia, 1848, was that in which he was joined in marriage with Miss Cecelia Stewart, daughter of the Hon. James Stewart, of Mansfield. Mr. Sherman has, by the favor of God's providence, made several remarkably good hits in life, as this narrative will show, but the grandest of all was when his lot in life was joined with that of Miss Stewart. If it be true that "he that findeth a wife findeth a good thing," it is very certain that Mr. Sherman found a *wife*, and as certain that she found a husband. Judge Stewart stood high in his profession, and his social position was all that could reasonably be desired. His memory is still regarded with reverence by those who knew him. He had ample means of giving his daughter as good an education as the schools at that time afforded, and she had a mind and will capable of making the best possible improvement of her advantages.

A story is current among her friends which, if true, shows remarkable forethought in a girl at school, and that she can scheme to some good purpose as well as her husband. The story is as follows: Several companions were laying plans one day as to what they would do in after life. They talked, doubtless, as most girls would. When it came her turn she said, "It will be my aim to make my husband as much of a man as he can be." The reader will learn how well this scheme was carried out.

It is said "the course of true love never did run smooth." If this is so, then storms and disappointments that sometimes precede marriage form really auspicious omens of cominbial bliss. It proves that in this, as in the higher zone of spiritual life, "the cross shall wear the crown." If such were the case preceding this union, the auspicious omens have been pre-eminently verified by the results. So far as can be learned, from an acquaintance of several years, it is believed that Mrs. Sherman never says a foolish word or does a foolish act. She never lays aside her dignity nor passes contemptuously by her poorest neighbor. Her reading is more scientific and solid than is common in these times, and her cares and activities more diversified. While she never neglects her household, she seems as much interested in out-of-door affairs as in the drawing-room. It is said that she owns a farm that was her father's and grandfather's, and that Mr. Sherman owns one, and that once they were upon a strife to see which should reap the largest profits. The result was in her favor. Probably he was more absorbed in his senatorial duties than she was, and did not "keep up his fences" quite so well as she did. At all events Mr. and Mrs. Sherman are a strong team, and cooperate admirably in doing the work of life. There is no doubt of its being her end and "aim to make her husband as much of a man as he can be," and the material appears to have been all that her ambition could have desired. The writer has dwelt more fully than some may think appropriate, upon the character and accomplishments of Mrs. Sherman, because he believes that a happy marriage is a decided element in the Secretary's success in life.

As to the fact of Mr. Sherman's irreproachable moral character, the press will abundantly testify. No professed

Christian ever governs self and every appetite more thoroughly than do Mr. and Mrs. Sherman. They have never been communicants in any church, but are believers and liberal supporters of the Protestant Episcopal Church. Mrs. Sherman was brought up in the United Presbyterian Church, but since her marriage with Mr. Sherman she has faithfully attended that of *his* choice.

While he was in Congress it was their custom to pass the summer at their delightful home in Mansfield, and commonly, once at least during their stay, the Sunday-school scholars of the writer's church, and their friends and neighbors, were invited to a gratuitous lawn-festival, on Mr. Sherman's beautifully-shaded grounds. It is quite certain that the little folks of that church, while they remember Mrs. Sherman's richly-laden tables, beneath that dense foliage, and the zest with which Mr. Sherman played croquet with them, or watched their playing, will never say of him, as a noted orator at the East is reported to have said, that "he has no heart."

Mr. Sherman's interest in the temperance cause began at an early day in the movement. His first speech in its favor was when he was a junior rodman on the Muskingum Improvement. Then it was that he boldly stood up and defended a temperance lecturer who was on the point of being mobbed by the laborers. It required courage to be a temperance advocate then, and on such occasions Mr. Sherman is always in the front rank. But at that time only alcoholic liquors were excluded, and since then Mr. Sherman, with such men as the sainted McElvaine, and the present Dr. Crosby, of New York, has never changed his creed, and Mrs. S. is a unit with him. It is perfectly safe to say that no man ever saw Mr. Sherman in the least excited by any stimulating beverage. The facts that he

was twenty-four years in Congress and never in a broil, when any thing but wafers passed, that he was compelled, often upon the spur of the moment, to pass judgment upon matters of the greatest importance, and on which good men differed, and yet the results proved he was right, are sufficient without further testimony to demonstrate that his keenest perceptions were never impaired by surfeit of any kind whatever.

A correspondent of the Boston *Herald* has drawn an interesting picture, which gives a very just view of Mr. Sherman, his habits and mode of life, and is here inserted as a corroborating witness:

WASHINGTON, D. C., July 19, 1879.

Secretary Sherman is a little late in making his acquaintance with the New England public. When Congress meets next year, after the Presidential election, a period of twenty-five years will have elapsed since Mr. Sherman first entered Congress and became a National man. In a quarter of a century of constant political service, one might suppose that the people of New England would have come to know him well. Yet I have an idea that personally he is almost as unknown as Mr. Hayes himself before he became President. A shrewd old man, who knows National politics to the core, spoke of John Sherman to me not long ago as "a man without a friend in the world." Interpreted in one way, this remark is not far from the truth. Of the kind of friends which some of our ambitious public men cultivate, he is absolutely destitute. When Salmon P. Chase was a candidate for the Presidency, fifteen years ago, a set of conscienceless newspaper writers were hired at so much a week to puff him throughout the American press. They did the job thoroughly while the pay lasted, and some of them have been exalting the profession of journalism ever since. Mr. Sherman is reputed to be as well able as Mr. Tilden himself to maintain a literary bureau, but that does not happen to be his way. If there be any one person in politics or journalism who, more than another, has the ear of the attention of Mr. Sherman, I do not know who that inti-

mate person is. I have never known Mr. Sherman to treat any person who has called upon him otherwise than kindly and courteously, and I have never known any one to presume to trade upon or boast of his influence with him. Most of those who know him regard him as a "cold" man—which, I am happy to say, he is. We have so many statesmen, nowadays, who are not "cold!" No one can get a thorough comprehension of the state of politics and society, during the first years of the Republic, without realizing the pangs which numbers of the people's leaders felt because they were not permitted to slap the father of his country on his back. They regarded any public man, whose back could not be slapped in a familiar way, as tending toward a monarchical system of government. Very much the same feeling prevails to-day toward any man who does not let himself down to the level of "the boys," and Mr. Sherman is one of these men. I could name three or four Presidential candidates who permit the lowest and dirtiest of adventurers to associate with them on intimate terms in private. Mr. Sherman does not do this. He has no *clique* in Washington.

It was, perhaps, natural that Mr. Sherman, taking the place in the Senate of the United States to which Mr. Chase had been chosen in 1861, should have taken the lead on financial questions in that body. But he could not have done this if he had not already led off as an economist and a financier in the House of Representatives, and he could not have taken the lead which he did in either House without great intellectual aptitude for this branch of statesmanship.

He could not know in 1861-'65 that it would fall to him fifteen years later to complete in the Treasury Department the work which Mr. Chase was then laying out for the future. But if he had known that such was to be his task, he would have proceeded to concentrate his attention, as he did, upon the finances. Having been Chairman of the Committee on Ways and Means in the Thirty-sixth Congress, it was natural that, on his promotion to the Senate, he should have a place on the Finance Committee. When Mr. Fessenden, the chairman on that committee, was appointed Secretary of the Treasury in place of Mr. Chase, Mr. Sherman became chairman of the committee, and, when Mr. Fessenden returned to the Senate in 1866, Mr. Sherman gave up the

position to him. In 1869 Mr. Sherman again succeeded Mr. Fessenden as chairman of the committee, and held the position up to the time when he became Secretary of the Treasury in 1877—a period of eight years. No other man in Congress concentrated his attention on this one subject as Mr. Sherman did, and no one else wielded a larger influence. Mr. Sherman alone, of all the statesmen of the period, since the death of Sumner, has been able to make a printed volume of his speeches. He is the only man in the United States government whose views on any question of public affairs *in debate* are obtainable in book form. The distinction is one that deserves to be emphasized. So few of our public men ever print any thing outside of the pages of the Congressional Record; so many of them never read any thing, apparently, except the Record and the newspapers. There were many reasons why, when Mr. Hayes became President, he desired to have Mr. Sherman for his Secretary of the Treasury. If there had been no other reason, his personal fitness for the place was a sufficient one.

The royal road to the White House ought to pass through the Treasury, but it seems never to have done so. No man has put himself in the way of being elected to the Presidency by rendering the country great service as Secretary of the Treasury. Something has always occurred to put an end to the political prospects of our financial ministers. Hamilton was the greatest of financiers, but his party melted away from behind him, and he fell, ultimately, in a duck. Gallatin was as wise and skillful as a statesman could be, and the war of 1812 and Jefferson's jackals drove him out of politics. We run along down the line, noting many able men, until we come to Salmon P. Chase. He became a candidate for the Presidency while Secretary under Mr. Lincoln, and Mr. Lincoln was obliged not only to outmaneuver him as a candidate, but to take him out of his Cabinet. How many people know that the advent of William E. Chandler in national politics was the result of Lincoln's desire to have an Assistant Secretary of the Treasury who would watch Mr. Chase? Mr. Chase remained a candidate until he died, but he never got even nomination. Then we had the case of Mr. Bristow, the candidate of the reform Republicans in 1876. He owed his political prominence to the fact that he was Secretary of the Treasury,

and, just because he was Secretary, he could not get the nomination. Now we have Mr. Sherman a candidate for the Presidency under circumstances very different from those by which any Secretary was ever surrounded before.

In the first place, Mr. Hayes is entirely and cordially in favor of making Mr. Sherman the candidate next year. For a President at the end of a first administration to give his support heartily to his Secretary of the Treasury for the succession, is an unexampled thing in politics. It enables the Secretary to put his candidacy at once on the open ground of fair, decent ambition and endeavor. It obviates all jealousy and backbiting, and gives the Secretary an advantage in the contest for the nomination never possessed by any of his predecessors. In the second place, Mr. Sherman has the respect, and, in a large measure, the confidence of the business interests and the wealth of the country. He is identified in the popular mind with the resumption of specie payments, which has turned out to be nothing but the banishment of a doubt and a debate. We were down to hard-pen before. All that needed to be done was to convince a lot of foolish and ignorant people of the fact. Mr. Sherman has the credit of doing this. The refunding of the debt, which was the inevitable result of the abolition of the premium on gold, has followed, and astonished the country. It has been managed with the greatest skill and vigor by the Secretary, and the recognition of his agency in the business is universal. There is another side to his administration of the Treasury Department, which the public does not see. As an executive officer, Mr. Sherman's equal has not been seen in the Treasury Department during the last quarter of the century, which is the same as saying during modern times. His power of concentration and of rapid work is extraordinary. His comprehension of the working of the department is perfect, and his knowledge of its development during the war period is complete. He has watched every part of this machine as it has grown to its present enormous proportions. He is, in fact, as familiar with the department as it has ever been Secretary for the past twenty years. It will be noted that since he has been at the head of it, there have been no scandal in the department. Abuses have been corrected, and the great machine has been put in excellent order. Every person in the department

feels that nothing can go amiss without the knowledge of it coming to the Secretary. The discipline, if that is the word to use, is, therefore, better than it has ever been since the department reached its present proportions.

If Mr. Sherman gets into the White House he may do many things that are not yet thought of. If he does not get there he may go back to the Senate again from Ohio in 1884, the prospect being that his party will control the election of Mr. Thurman's successor. Unless he shall become President, his fame must rest with his achievements in the Treasury. Outside of his connection with the finances it is difficult to make much out of his career in Congress. Always a strong and dignified figure, he seems to have had a happy faculty of concentrating his powers on practical questions of affairs, and has let others do the political sling-whinging. He entered the House of Representatives in 1855, at the first session of the Thirty-fourth Congress. He had been a Conservative Whig, and had represented that party in its Conventions in 1848 and 1852. He succeeded a Democrat named Lindsey in the Thirteenth Ohio District, and was elected to the three succeeding Congresses, not serving out his term in the Thirty-seventh Congress on account of his election to the Senate. His first vote was cast for N. P. Banks for Speaker, and he supported him warmly. In this Congress he was a member of the Committee on Foreign Affairs. Being a new member it was impossible for him to take a very prominent part. He mingled in the debates occasionally, and figured as a determined opponent of slavery from the first, following in the footsteps of his colleague Giddings, and of Wade and Sumner in the Senate. I notice, however, that he took a considerably more prominent part than Mr. Bingham, who entered Congress at the same time. The greater struggles over the slavery question in the House were already ended in that body, for in the election of Banks, after a two months' struggle, the Southern Democrats saw their power passing away. From this time onward to 1860 the House of Representatives was more like a camp in which two hostile armies stood facing each other, with nothing but a dead line between them. These were the days when men on both sides carried revolvers and knives, and hissed murderous threats at each other across the middle aisle of the Representatives' hall. Sherman came in too

late to take a very prominent part in the slavery debates, but he was always "game," as the boys say, in all the conflicts that arose. A gentleman who served with him in the Thirty-fourth and Thirty-fifth Congresses, narrated to me an incident that shows the sort of feeling that prevailed in those exciting years. One day in the House, a member from Tennessee, named John V. Wright, took exception to something that Mr. Sherman had said, and walked over from his seat to the Republican side, proceeding up the aisle in a threatening manner toward Mr. Sherman, who was in his seat. He made some offensive remark as he came within ear-shot of the Ohio member, who instantly grasped a box of wafers, such as was then daily placed on every member's desk, and threw it in the Tennessean's face. The occurrence attracted attention, and it was expected, by all who saw Sherman's act, that there would be a fight, but the Tennessee bully, after hesitating a moment, shook the wafers from his head and shoulders, turned about and walked away. The incident has never got into print before, and it is said that Mr. Sherman never liked to refer to it. In the Thirty-sixth Congress Mr. Sherman became the Republican leader, and was made the candidate for Speaker. The contest that ensued was as long and as exciting as that which resulted in the election of Banks four years before. Mr. Sherman had indorsed Hinton Rowan Helper's book, *The Impending Crisis*. He claimed not to have known what were its contents. The Free Soilers from the Middle States would not vote for him, and his friends were finally obliged to abandon his name and to unite on Pennington, of New Jersey. The contest ended in Pennington's election February 1, 1860. Fourteen months later the Southerners were leaving Congress and making ready for war, and Mr. Sherman was elected to the Senate. That Mr. Sherman should have been taken up for the Speakership shows that he had already gone to the head. Had he been then elected Speaker of the House he would probably have held the position through several Congresses, unless he had chosen to give it up for a place in the Senate. After twenty years of arduous political life, Mr. Sherman seems to be again becoming as prominent as he was in the winter of 1859-60.

When Secretary Sherman went into office he determined to lend all his efforts to the resumption of specie payments, and to make

all his fiscal management tend to that end. From that object neither friend nor foe has been able to swerve him. He decided at the very outset to pile up as much money in the Treasury as he could until resumption was accomplished, and to that end he scrutinized every demand that was made upon the Treasury for money, and determined to pay no money out which he was not absolutely compelled by law to do. The Secretary has a vast discretion in the time of paying many claims and demands upon the Treasury, and he never hesitated to exercise it in favor of his "reserve" fund. It made no difference how hard any friend might plead with him for favors. He had none to grant, and the men who supposed they had the right, on personal grounds, to ask consideration from him, discovered that for once their influence went for nothing. I recollect hearing a claim agent tell some time ago of what occurred in regard to one claim that was pending before the department. The claimant, finding that he could not get what he wanted, employed Mr. Shellabarger as his counsel. Mr. Shellabarger has been Mr. Sherman's lawyer in all the political investigations that have been set on foot against him since 1876, and is one of his strongest adherents. Mr. Shellabarger went to him at the department, and laid the case in question before Mr. Sherman. The Secretary at once informed him that, having looked the matter over, he had made up his mind about it, and, having made up his mind, neither Mr. Shellabarger nor any one else could change it. He then turned to his desk and went on with his work. Mr. Shellabarger could do nothing but abandon the business, and he came away from the department denouncing the Secretary sharply for his imperviousness to reason in the matter.

Of the personal and private life of Mr. Sherman it is a pleasure to speak, although there is not very much to say. It is quiet and simple. I have three pictures of Mr. Sherman in my mind. The first is of the Senator as he stands in his place in the chamber, talking in his cabin, but very direct and vigorous way, on the subject at hand, his tall figure bent a little over his desk, upon which rests his hands when he does not use them for a gesture, which he does but seldom. His word, whether long or short, is models of clear and straightforward utterance. His deportment as a Senator is never open to criticism, for he is always at

tending to the business in hand. Then there is a picture of the Secretary of the Treasury, seated at his desk, from which he looks up and gives you a pleasant good-morning as you enter, but keeps his eyes on his papers as he answers your interrogatories, unless you have something very important to demand his attention. The desk before him, however, deeply covered with letters and official documents, is never in disorder. Mr. Sherman never wastes any time on any body, and the man does not live who can bore him for any length of time. If the caller does not know when his business is done, he is soon put in a way of finding it out, and yet the Secretary is never blunt or brusque like his brother Tecumseh, who hasn't as much business to attend to in a week as John has in one day. The third view of this man is his appearance in his home—a modest and comfortable house on Franklin Square. At home he seems always to sit at the end of the table in the rear apartment, which answers for library and dining-room. There he reads his papers, writes his letters, smokes his cigars, talks to his friends, and I suspect that when he leaves that seat he leaves it to go to his office or to his bed. In the morning he always walks to the Treasury Department, carrying a light cane, and walking at a rapid pace. The distance is hardly a quarter of a mile. In the afternoon he rides out, as is the custom with all the members of the Cabinet, before dinner. The evenings are usually spent at home in the society of his wife and adopted daughter, who compose his household. His home and every thing about him, his dress, his horses, etc., are all plain and unostentatious. And, although he is reported to be worth half a million of dollars, his manner of living is apparently as quiet and moderately expensive as when he depended upon his annual salary alone. In fact, his life, in its quietness, its dignity, its freedom from frivolity, and its careful economies of time and strength, is more like the life of some great private banker or capitalist than like the life of the average American politician.

The following is Mr. Sherman's account of throwing the wafers, in a conversation reported for the *Cincinnati Enquirer*:

" Didn't you have a fight once on the floor of Congress with a Southern member?"

"The only difficulty of that sort I had was with a man by the name of Wright, from Tennessee. He was a man who drank hard, and came on the floor in that condition. I was making a speech one day, and came to the end of a sentence, when this man said, 'That's a lie.' He was some distance from me, and I did not hear it; but the reporter did hear it, and put it down in his transcript, so that the next day it appeared in the *Globe* newspaper. This made me mad, and I arose on the day following to a question of privilege. I said that I had not heard any such remark made, and presumed that the gentleman from Tennessee who did make it, as the reporter had heard it, was in such a condition that he did not know what he was saying. At this Wright arose as if to make a reply, but his colleagues pulled him down. A little while after he came around to speak to some of the Southern Americans, or Know-Nothings, who sat just around me. He addressed a remark to one of these, and as he did so looked at me with some insolence. I arose at once and picked up a cup of wafers, such as lay on the desk of every member at that time, and threw the contents in his face. He had a pistol at his hip, and tried to draw it on the floor, when he was suppressed by the other members. However, the incident made a great impression on the House, and led to an early adjournment, as there was every expectation of a duel or an affray. It was known that I was no duelist, but would repel an assault. A member from the Southern element came to me to find out what I meant to do. I told him that I should repel any physical attack on me with interest. He then instructed me that if the sequel of this incident was to be an assault instead of a duel there could be but one assault—that the fight had to begin and end in a single encounter. He told me to be ready. I got a pistol

and put in my pocket, and I was a good shot. I never felt cooler in my life, and I made up my mind the instant Wright approached me with a hostile intention I would shoot him dead. A friend of mine, capable in such emergencies, walked out of the Capitol with me, and as we descended the steps on the side next to the city, and came to the fountain which flows half way down the several flights of steps, there I looked, and coming around the other side of the fountain was Wright, also accompanied by a colleague. I walked toward him, looking him in the eye, with my hand on the pistol, fully determined to shoot him if he raised his hand. But he did nothing of the kind. He probably saw what was in reversion for him, and I went right past him without suffering an encounter. He afterward turned out a drunkard, and died a drunkard. The remarks passed on him at home in Tennessee on account of his cowardly behavior at that time used him up."

## CHAPTER III.

### THE GUILD, MR. SHERMAN'S SPECIALTY.

SIMONET, in the introduction to his *History of Philosophy*, says: "There are five essential and eternal elements of human society—the family, the school, the guild, the church and the state." He further says that these are all that are essential. It can be seen at a glance that if the family, which is at the base of all the interests of society, and grows out of the strongest affection in man, be well regulated according to the *law* of the family; if the school, comprehending all intellectual development and moral training, be well conducted; if the guild, embracing all financial and commercial transactions, is upon a substantial and reliable basis; if the church, by sound doctrine, and pure precept, keep the public conscience enlightened and sensitive; and if the state resolutely and impartially punish all offenders against law and right, so far as to protect every one in the enjoyment of inalienable rights; such would be a perfectly well regulated state of human society. But it can just as readily be seen that a material defect in any of these departments will spread confusion through all the rest. The evil results of not maintaining the law of the family, one man and one woman, a union for life, and the care of children to a reasonable age, have been experienced in our late system of slavery, in the temporary marriage of the Indians, and in the polygamy of Utah.

Without the family there can be no school, church, or state, and without the school no family, guild, church, or state. In truth, all are essential to one another. Without a well regulated guild none of the others can exist, with any degree of perfection, for all depend somewhat upon a division of labor and an exchange of values.

It is a great and all-pervading law of the Creator, that "no man liveth unto himself," and that "in the sweat of thy face shalt thou eat bread." These laws we must obey, whether we will or not. If we would obtain what we need to eat we must work, either in earning or digesting it; and if we would obtain all we need we must work for others. Now if the medium of exchange be of doubtful value, or variable, at one time up and at another time down, no one can be sure that he has what he labored for, and thus distrust and uncertainty will pervade every department of life.

Civil commotion of any kind, or a sudden destruction of any species of property, such as occurred in our late war, or failures in business upon a large scale, will of necessity derange relative values, shake the confidence of the public, and destroy motives to industry. Such a state of things we, as a nation, have had a taste of during and since the late war. The difficulties in the way of adjusting these disturbances in the national guild, are apparent from the number of "rag" and other "babies" that have of late been dressed up and offered to the public, as the substitute for a fixed and readily determined measure of values. Innumerable species have been offered. This shows that either from its intrinsic nature, or its environments, the subject is an intricate one. It is difficult to harmonize the minds of men in regard to the proper remedy. There is one man in this nation that has studied this subject in all its bearings, traced it out in its remotest history, and in its application

to different periods and nations, and learned the causes of the mistakes that have been made in reference to it, and the remedies that have been successful. Nor has he been satisfied with any proposed remedy, unless it were really applicable to the present circumstances and times. That man is John Sherman. Finance has been his study, his specialty during all his long Congressional life, and to such purpose has he studied, and so clearly has he presented it to the minds of men, that he has silenced opposition, and placed himself as a financier on the highest pinnacle of the temple of fame.

When the dark war-cloud of the rebellion passed away, it left the United States in a position very different from what it was before. It was nearly as different when it came out of the war and when it went in, as the winged insect is from the groveling worm of the earth. The country had been altogether unconscious of its resources of wealth and power. With a debt of only some sixty millions, and its bonds below par, how could it fight? The thought of spending a million dollars a day was perfectly appalling to the people of the United States; and when this debt had been rolling up for fourteen hundred days, at an average expenditure of more than three million dollars a day, the question might very naturally arise, Who or what can help us now? So appalled was the financial world at the abyss of debt into which we were sinking, that at one time a dollar of our money was called worth but about thirty-nine cents by other nations. Such being our condition, it is not to be wondered at that foreign nations began to think the Grand Republic a failure.

Then Jay Cooke & Co. were raised up to secure credit at home; Lincoln to hold the helm of State during the tornado of rebellion; Stanton to guide the sinews of war; and Grant,

Sherman, Sheridan, and Thomas to fight our battles. But after the battle was over, and the jubilee of victory rang throughout the nation, the question arose, Who shall devise the ways and the means to redeem this immense credit of \$2,700,000,000, thus pledged to save our nation?

It is sometimes easy to find those who can *contract* debts, but not so to find those possessed of the wisdom and patience and perseverance requisite to pay them. So different are the circumstances now from what they ever have been that few precedents could be found of any real value. An Alexander Hamilton could pilot us out of a debt of a hundred millions or so that followed the war of the Revolution, but who could be found to manage a debt of three thousand millions? For this a man of peculiar qualifications, as well as a long course of training was required, not merely a training in the schools, for no school has been able to set an example from which to study the finances of this nation at that time.

Mr. Sherman's first introduction to national polities was in 1848, when he went to Philadelphia as a delegate to the convention that nominated General Z. Taylor for the Presidency. At this convention Mr. Sherman was one of the secretaries, and Schuyler Colfax another. What Mr. Sherman's political principles were at that time may be gathered from a speech made in the Senate of the United States, January 23, 1867. The Senate having under consideration the bill to provide increased revenue from imports, Mr. Sherman said:

"Mr. President, before the vote is taken on the amendment of the Senator from Rhode Island, I think it right that I should state the general views which have controlled my action as a member of the Committee on Finance, and which will control my vote on this and the various pro-

sitions of amendment that will be submitted to the Senate. I listened yesterday, with great pleasure, to the speech of my honorable friend from New Jersey (Mr. Catlett), and was generally pleased with its tenor and scope. It sounded like a good, old-fashioned Whig protective speech—the school in which I was educated, the faith in which I was taught, and in which I have confidence. But, sir, it seems to me that the Senator from New Jersey, in his zeal for protection, forgets that we are now legislating under peculiar circumstances, and are compelled to look at a state of facts far different from those that existed before the war.

"In considering so complicated a subject as a tariff, nothing can be more deceptive than the application of such general phrases as a 'protective tariff.' Every law proposing a duty on imported goods is necessarily a restraint on trade. It imposes a burden upon the purchase and sale of imported goods, and tends to prevent their importation. The expression a 'free trade tariff' involves an absurdity. Free trade implies a trade without restriction, while any tariff is a restriction on trade."

Mr. Sherman's advent into political life occurred at an important juncture in the history of the old Whig high protective tariff doctrine. Up to this time a protective tariff had been regarded as a settled principle of government, as immutable as "the laws of the Medes and Persians." But General Taylor, who, the Mexicans said, "did not know when he was whipped" (and he certainly never intended to find out), in his letter of acceptance of the nomination of the Presidency, taught the Whigs that protection is not a principle, and should not be so regarded, but simply a measure of expediency, and temporary in its character. This view was adopted as a new departure by

the Whigs. The writer, at that time, conversed with the Hon. Thomas Ewing, of this State, and Ex-Governor Leslie Combs, of Kentucky, both of whom approved of this view, and wondered they had not seen it before. They perceived that a protective tariff should be resorted to simply and only to develop the capabilities of the nation, upon the principle that a man might spend on his farm this year more than he produces, in order to produce *much* more than he expends next year. But when once that point is reached, the cheaper production will protect itself. Such is the result of protection in past years. Now, American manufactures and productions can compete with all, for the best markets in the world. This modified doctrine of protection came into vogue the very year in which Mr. Sherman entered polities. In the speech already quoted from, this thoroughly common-sense view of a tariff stands out in bold relief. Mr. Sherman proceeds to say:

"The first tariff act, passed soon after the foundation of the Constitution, was called a 'protective tariff.' One of its leading objects, as declared by Washington, was to foster and protect American manufacturers, and yet the general rate of duties was but ten per cent, *ad valorem*. On the other hand, the tariff of 1846 is commonly known as a 'free trade tariff,' and yet the rate of duty levied by it averaged twenty-four and a half per cent. Every duty on imported merchandise gives to the domestic manufacturer an advantage equal to the duty, and to that extent every tariff is a protective tariff. When the duty is so high as to prevent importation, it ceases to be a 'tariff' and becomes a 'commercial regulation.' So the general term a 'revenue tariff' as descriptive of a tariff, is deceptive, and is simply tautology. Every tariff bill is a 'revenue tariff.' The word 'tariff' implies revenue, and means a rate of tax-

ation on imported goods. It is simply a mode of taxation adopted by all commercial nations as the most certain, convenient, and least expensive form of taxation. The common meaning attached to the phrase "revenue tariff" is a general *ad valorem* tax on imported goods, without regard to domestic manufacture. Such a tariff has never existed in any commercial country, least of all in Great Britain, where the duties are carefully levied to encourage their own manufactures. They do not now levy duties on manufactures, for the same reason that we do not on anthracite coal. By a vast accumulation of capital, and by severe commercial restriction, maintained for one hundred years, they have a substantial monopoly of certain important branches of industry. They do not levy duty on such goods, because none are imported into Great Britain, and the tariff on them would produce as little revenue as your duty on anthracite coal."

Here is presented, in concrete, a full commentary on the Whig doctrine of 1848: "Lay a tariff when it will be beneficial, and abolish it when it ceases to be so." The above was said in 1867. Of course, the necessities that grew out of the war caused an adjournment, *sine die*, of the question of a protective tariff purely, and rendered necessary a tariff for revenue, and, if for revenue, it must incidentally "protect," unless laid upon articles such as we can not produce.

While Mr. Sherman's study and thought during his whole course in Congress was the protection of the national guild, and caused him, as soon as he entered the Senate, to be placed on the Finance Committee, yet, when the blast of war sounded, it stirred his patriotic heart to the very core. The following account will show how this feeling showed itself, and how near he came missing the call-

ing for which Providence had certainly raised him up. Courage was not wanting, for we shall follow him through one event that required a higher order of courage than is commonly called for on the field of battle.

After the proclamation of President Lincoln, Colonel McLaughlin's company of cavalry was raised in Mansfield, and the first and second regiments were rapidly formed, organized and dispatched to the East. Senator Sherman met them at Harrisburg, and remained with them until the meeting of the Senate, on the Fourth of July. They were drilled and disciplined at Philadelphia, and thence proceeded, by way of Harrisburg to Hagerstown and the line of the Potomac. Early in these movements Mr. Sherman tendered his services to General Patterson, who was placed in command of the forces gathering in Pennsylvania, and was appointed by him volunteer aid, and served in that capacity until required to attend the session of the Senate, when he resigned. He was at Washington during the battle of Bull Run, and, on the adjournment of Congress, went home, strongly impressed with the importance of entering the military service himself, and inducing others to do so.

As a large number of regiments were then being organized, he formed the purpose to recruit, arm, and equip a brigade at Mansfield, but postponed it until the day after the fall election.

Mr. Sherman, then in connection with General R. Brinkerhoff, whose valuable services he first secured to assist him, organized the Sherman Brigade. General Brinkerhoff took the laborious and responsible position of quartermaster, one of the most important offices in recruiting a force, and remained with it, rendering efficient service for five years.

By the 1st of December, Mr. Sherman had at Camp Buckingham, in Mansfield, two regiments of infantry, one battery of artillery, and one squadron of cavalry, completely officered, armed, and equipped. He then returned to Washington, leaving this force under the command of General Robert S. Granger, intending, at some subsequent time, to join them. But, upon his arrival at Washington, he was dissuaded from his purpose of resigning his seat in the Senate, not only by several Senators, but by President Lincoln and Secretary Chase, personally. Mr. Sherman was, at that time, a member of the Finance Committee of the Senate, and it became apparent that the struggle was to be one, not only of arms, but of the sinews of war; and he at once, in connection with Mr. Fessenden, devoted himself almost exclusively to questions of taxation and currency, and in which, from the first, he took the very active part, which this whole narrative will abundantly show. In this way the *General* was *lost*, but the *Financier* *saved*.

## CHAPTER IV.

### MR. SHERMAN'S ELECTION TO CONGRESS.

As was mentioned in an earlier part of this work, Mr. Sherman's taste was for political life. We leave him here as a plodding lawyer, for nearly a decade. There was not the least prospect of his ever being elected to the slightest office. He had no hope of it himself. This county and all surrounding counties were hopelessly Democratic, and he was incorrigibly Whig. So that the idea of political preferment was not entertained by him.

In 1854 the slaveholding South had so far encroached upon the freedom-loving North, and in May of that year took so decisive a step towards revolutionizing the whole North, that even Democratic old Richland waked up and determined to bear it no longer. It will be borne in mind that in 1850, what was called the fugitive slave law had been passed, which forbade the harboring of slaves or feeding them; and, moreover, put it in the power of the marshal to call upon citizens to aid in recapturing them. Heavy penalties were imposed for refusing to aid in their recapture, or for assisting them to escape. This was really a Whig measure, and was in the main sustained by the Whigs. But it sat heavily on the conscience of both political parties. Many of the Democrats bolted, and formed what was called the Free Soil party. These and the disaffected Whigs coalesced, and afterwards formed the

Republican party. As yet, however, it was weak. But another step was taken by the imperious South, that at once aroused the spirit and patriotism of the Whigs almost universally, and secured a large accession from the Democrats to the Free Soil party. The North had rested in comparative quietness respecting the extension of slavery, because it was thought slavery could not be carried North of latitude  $36^{\circ} 30'$ , agreeably to the Missouri Compromise, made at the admission of that State to the Union in 1820. Missouri was admitted on this condition, and without it, could not have been admitted as a slave-holding State. It was supposed by the whole North that such a compact or compromise was inviolable. The faith of the whole South was pledged to observe it, and the existence of Missouri was a token and monument of that pledge. One was supposed to be as irrepealable as the other.

This being so, slavery being limited to the territory south of  $36^{\circ} 30'$ , and the territory on that side of the line being much less in extent than that in the North, Free State politicians felt comparatively easy as to the result. The slave power would soon be overwhelmed by the preponderance of the free Northern States. But the very considerations that quieted the North aroused the apprehensions of the South. Slaves were rapidly increasing, (doubling in about twenty-eight years) the soil in the old slave States becoming worn out by hard usage, and new territory open to slavery becoming rapidly diminished, slave property was likely to become impaired in value, and the political power of slave States to fade away. Something must be done to arrest this tendency or the slave power is doomed. So both sides felt. The one was animated with hope and the other was stung with apprehension.

The feeling North and South from 1850 to 1854 was very much as it is now between 1876 and 1880. The conflict then was very analogous to what it is now. The South politically in the ascendancy, and using their power, as the slave-holder did the lash—keeping covenant while convenient, violating it if interest required—very much as they do now.

After enacting the fugitive slave law in 1850, the Whigs, as a party, were disposed faithfully to observe its conditions, and the courts enforced them with almost merciless severity. But the South required more than this. It was not easy to catch slaves against the consciences of the free. Many in the North were in a most trying position, as to whether duty required them to assist the slaves to gain their freedom or to submit to the "powers that be," and obey the law. Some would talk one way and argue, but act the other way. The following is a fair example of the way the fugitive slave law was observed in Ohio:

In Circleville was what was understood to be a station on the underground railroad—*i. e.*, the line for the escape of slaves from the South. Joseph Dodridge, Esq., one of the nobles of the earth, who feared God rather than man, was understood to be the station-master—*i. e.*, the man to call on for help when fugitives arrived in the vicinity. He had a neighbor who was an ardent supporter of the constitutional guaranty that the rights of slave-holders should be respected. One day word was brought to Mr. Dodridge that a colored passenger wanted his ticket. The message was overheard by his pro-slavery neighbor, and both repaired to the depot—*i. e.*, a retired spot in the forest. The negro saw the two white men, and kept *dark*, waiting for the countersign. Mr. Dodridge kept concealed for fear of being arrested by his neighbor. Both skulked for a while,

Finally Mr. Dodridge came out and said to his pro-slavery neighbor, "What are you *here* for?" Said he, "What are *you* here for?" "To feed this colored man," said Mr. Dodridge. "So am I," said the other. So it was often that the impulses of humanity and the Savior's golden rule overcame constitutional scruples, and the negro was helped on his way to the free North.

But the history of slavery in this country has taught statesmen one grand lesson, viz: that the conscience of the nation can not be long stilled by legislative compromises. The only safe rule is: "*Justitia fiat, et tu quoque*." The people of the Southern States would better understand it now than to learn it later by bitter experience, that the colored man must and will have his rights and the rewards of his labor.

Still it may be in this, as it was in 1854, that the evil is to be cured by its own development. This is a widely pervading law of Divine Providence. Says Kurtz: "The development of evil is its cure." Slave holders could not be satisfied that their "domestic institution" should be restricted to its present limits, and the national conscience was not willing it should be extended. But "the iniquity of the Amorites was not yet full." The slave power was in the ascendancy, and demanded a wider field.

By the Missouri Compromise it was provided "that in all the territory ceded by France to the United States under the name of Louisiana, north of 36° 30', excepting only such part thereof as is included within the limits of the State of Missouri contemplated by this act, slavery and involuntary servitude, otherwise than in the punishment of crime, whereof the parties shall have been duly convicted, shall be and is hereby forever prohibited." When the question came up for the organization of a territorial

government for Kansas, the politicians were very adroit, and put Nebraska with it, saying, Kansas will become a slave State, and Nebraska a free State, still preserving the same relative strength, North and South, as heretofore. But the conscience of the North could not consent that slavery should be extended at all; and the impatience of the South began to demand that it should not be limited at all. The North had the advantage in argument (as the right generally has). The Missouri Compromise did *not* say there should be no free States south of 36° 30', but *did* say there should be no slave States north of that line. This, Southern politicians said, is not equal. It restricts slavery, but not freedom. Repeal the Missouri Compromise, and then both are upon an equality. What! exclaims the united North. Repeal that Compromise! Never. It is a contract, and must stand forever. The word *forever* is a part of it, and the admission of Missouri into the Union, another part of it, and that can not be repealed, nor can this be rightly done. But the then majority in Congress (May, 1854) said it shall be repealed in these words. In section fourteen of the act then passed, organizing the territories of Kansas and Nebraska, it was declared that the Constitution and all the laws of the United States should be in force in those territories, except the Missouri Compromise act of 1820, "which is hereby declared inoperative and void." This showed at once the fallacy of all national compromises, and did, in the minds and actions of many, annul the effect of the fugitive slave law. It demonstrated that the South can be trusted just as far as interest goes, and no farther.

While the slave power was thus persistently active, the free North was not wholly idle. About a month before this act was repealed, the Legislature of Massachusetts had

incorporated the Massachusetts Emigrant Aid Company, for the purpose of assisting emigrants to settle in the new territories, by giving them useful information, procuring them cheap passage over railroads, and by establishing mills and other conveniences, at central points in the new settlements. In July the Legislature of Connecticut granted a charter to a similar company. A large emigration into Kansas, from the north-western States, had already taken place, and emigrants, in considerable numbers, from the free States, and a few from the slave States, now availed themselves of the opportunities of cheap transportation offered by these companies, to settle in Kansas. It had been argued in favor of repealing the compromise — let the territory be open to all on both sides of the line; slave-holders to take their slaves where they pleased, and free labor to go where it pleased. It was now the pleasure of free labor to emigrate to Kansas. But let us see the kind of liberty permitted to the free-soil advocates. On July 29th, 1854, a public meeting, called by the "Platte County Defensive Association," was held at Weston, Missouri, and resolutions were adopted declaring that the association would hold itself in readiness, whenever called upon by the citizens of Kansas, "to assist in removing any, and all emigrants, who go there under the auspices of Northern Emigrant Aid Societies." These resolutions were published, signed by B. F. Stringfellow, Secretary, and G. Galloway, President. On August 12th, another meeting was held at Weston, at which resolutions were adopted, declaring in favor of the extension of slavery into Kansas.

From such beginnings as these, the excitement became intense all through the country, and revolutionized the politics of Richland county, Ohio, and its environs. The remarks of Mr. Elliot, of Massachusetts, in Congress, upon

the Kansas and Nebraska bill, on the 10th of May, 1854, were literally true. Mr. Elliot said:

"Mr. Chairman, the popular voice has been pronouncing judgment on this bill while we have been discussing its claims and demerits. It is beginning to be understood that the writing will come, and in advance of the record we have from every side that truth of history, 'Whom the gods would destroy, they first make mad.'" This bill was passed in May, and in October John Sherman was elected to represent his district, in the Thirty fourth Congress, which began its first session on the 3d of December, 1855.

The circumstances that attended Mr. Sherman's election to Congress are worthy of being recorded, as showing the leadings of Providence, in raising up the man that was to pilot us through all the mazes of our financial labyrinth.

The district that elected him was at that time composed of Richland, Morrow, Huron, and Erie counties. It was so arranged by a Democratic legislature, in order that the heavy Democratic majorities of Richland and Morrow might overcome the Whig majorities in Huron and Erie, and thus insure a Democratic Representative in Congress. The scheme served their purpose the first time, but entrapped its authors the next. So it commonly turns out. Whichever party deviates from the right, and plots what is wrong, and unfair, is sure, sooner or later, to reap the bitter fruits of it. Here, let an old man, who has never taken an active part in polities, but as a lover of his country, has been an interested looker-on, and a voter, for more than fifty years, say to all politicians, there is nothing gained in the end, by gerrymandering, as it is called. It is a kind of plot that sooner or later returns to plague the inventor. To gain the desired end, calculations must be made so exact that a trifle may turn the scale on the other side.

The safest and best way is to be just and fair. It ought to be remembered that God claims the right to govern this world, and the United States are a part of it, and the selfish schemes of men will never prosper in the end.

So in this case. At the election in 1852, the first year of Mr. Pierce's administration, Mr. Lindsey was elected as a thorough-going Democrat from Erie county. He was a respectable and an enterprising farmer, but without education, and at his time of life, without the mental capacity and flexibility to acquire one. He also lacked the shrewdness and tact necessary to be a scheming politician. Accordingly, the Democrats were poorly represented in the Thirty-third Congress.

In 1854, in the stirring times referred to above, when the fugitive slave law had about killed off the Whig party, and squatter sovereignty shook the Democratic party, the Free-soil party was rising in importance. Mr. Lindsey was nominated for a second term, or was seeking the nomination; but not being skilled in political chicanery, while he claimed to favor free-soil in public, he wrote a letter that he would vote, if elected, with Douglas for the repeal of the Missouri Compromise. This killed him as a politician.

In the opposition were four candidates for the nomination—J. M. Root, of Sandusky, and Thomas Ford, Jacob Brinkerhoff, and John Sherman, of Mansfield. When Ford found he was not likely to get the nomination, he exerted himself for Sherman. Morrow county went solid for Sherman, and then Richland, with members from Huron and Erie, so that he was nominated by the opponents of slavery extension, afterwards crystallized into the Republican party, at the Pittsburgh Convention of 1856, and triumphantly elected.

Mr. Sherman, while bitterly opposed to the extension

of slavery into any new territory, occupied conservative ground, as will be seen by a resolution offered by him on the opening of the second session of the Thirty-sixth Congress. His position came near defeating his election. At one time the question was put to him in Huron county whether he would vote for the abolition of slavery in the District of Columbia. He frankly said, No; he should oppose its extension, but not interfere where it is. His very frankness disarmed prejudice, and procured for him an almost unanimous vote in that place. Since that, he has become opposed to slavery every-where and anywhere.

In 1855, Mr. Sherman first took his seat in Congress as a member of the House of Representatives. This was his first introduction to public life, and it occurred amidst one of those political storms that preceded the slave-holders' war. It will be remembered that in the opening of the Thirty-fourth Congress there was a long contest for Speaker. The parties were so nearly balanced that there was serious difficulty in electing any one. William A. Richardson, of Illinois, and L. D. Campbell, of Ohio, were at first leading candidates. After the twenty-third vote, L. D. Campbell rose and withdrew. Then the contest was between Richardson and N. P. Banks, Jr., and proceeded to the one hundred and twenty-ninth ballot, on February 1st, when a plurality resolution was passed, as follows: "Mr. Samuel A. Smith, of Virginia, submitted the following resolution, viz: *Resolved*, That the House will proceed immediately to the election of a Speaker, *viva voce*. If, after the roll shall have been called three times, no member shall have received a majority of all the votes cast, the roll shall again be called, and the member who shall then receive the largest number of votes, provided it be a majority of a quorum, shall be declared duly elected Speaker of the

House of Representatives of the Thirty-fourth Congress."

This resolution was passed, and on February 2d, "the House proceeded to vote the one hundred and thirty-third time, *vis à vis*, for Speaker, being the fourth vote under the plurality resolution this day adopted." It appeared then that N. P. Banks, Jr., had one hundred and three votes, out of two hundred and fourteen, and the highest number of any one voted for, and was declared elected, afterwards by a vote of 156 to 40. After passing a vote of thanks to John W. Forney, for presiding over the House "during the arduous and protracted contest for Speaker, the House adjourned to the following Monday." What was Mr. Sherman doing during his first session? Was he idle? Not at all. To learn what he was doing, we have only to look at a speech he delivered in the Senate, December 17th, 1872, on the subject of the *French Spoliation Claims*. The bill to provide for their adjustment being before the Senate, Mr. Sherman said: "Mr. President—My acquaintance with the French spoliation bill commenced with my entrance into the House of Representatives in the winter of 1855-56, when, being a member of the Committee on Foreign Affairs, this old and interesting class of claims was handed to me for investigation. At that time my mind was entirely unbiased upon the subject. The examination of the claims opened an interesting portion of the American history, and without much to do, I entered upon it, reading nearly all the public documents then already accumulated in great numbers of volumes. I informed myself in regard to all the points that had been made in the discussions of the question. After this examination I became entirely convinced that there was no ground, either in law or equity, why these claims ought to

be paid by the United States. From that time to this, they have rested without any definite action, by either House of Congress. Now they are pressed with a confident expectation of payment, and it becomes my duty, without much time for preparation, to give the reasons for my conviction why they ought not to be paid."

Then, after reviewing the case, he proceeds to expose the iniquitous scheme, by which it was attempted to extort from the Government an acknowledgment of this claim; that an organized agency had been in operation forty-nine years for this purpose, and says: "All these are considerations which ought not to prevent us from paying this obligation, if it is just and honest. If it is right in law and equity that the United States should pay it, I do not object to the means by which it is urged upon Congress, nor to the lapse of time." He then presents the reasons why these claims should not be paid, on the ground of equity, by the laws of war, and international obligations.

This is introduced here to show—1. How Mr. Sherman was employing himself during his first session in Congress; that he was a faithful and industrious student. 2. How thoroughly his memory served him. Here was an intricate question examined by him in 1855-'56, that did not come up till sixteen years afterwards for discussion, and his memory served his purpose. 3. How terse and forcible his arguments are. In the second paragraph are no less than six arguments, and in the next three more, before he intimates to us that he is arguing at all. 4. It would appear that this discussion of the spoliation claims was the last of them, just as his discussion of a protective tariff in 1867 settled that for all time.

But Mr. Sherman was not permitted to devote all this stormy Congress to the study of old questions. He was

put in the front rank of what came near being the great fight of the age, and was in truth its beginning. On the 19th of May, 1856, it was "*Resolved*, That a committee of three members of this House, to be appointed by the Speaker, shall proceed to inquire into and collect evidence in regard to the troubles in Kansas generally, and particularly with reference to any fraud or force attempted or practiced in reference to any elections which have taken place in said territory, either under the law organizing said territory, or under any pretended law which may be alleged to have taken effect therein since." To show the hazard in which that committee might be placed, it was "*Resolved further*, That the President of the United States be, and is hereby requested to furnish to said committee, should they be met with any serious opposition by bodies of lawless men, in the discharge of their duties aforesaid, such aid from any such military force, as may at the time be convenient to them, as may be necessary to remove such opposition, and enable said committee, without molestation, to proceed with their labor." The committee first appointed was composed of Mr. L. D. Campbell, of Ohio; Mr. Wm. A. Howard, of Michigan; and Mr. Mordecai Oliver, of Missouri; but Mr. Campbell declined, and Mr. John Sherman was put in his place.

Mr. Sherman was put on this committee because he was fresh from the practice of law, and skilled in examining witnesses and in weighing testimony. Mr. Howard was nominally the chairman, but being in poor health, and Mr. Oliver in the minority, Mr. Sherman had the work to do, and the majority report to make. This he wrote with his own hand, and the manuscript is now in Mansfield.

Here, then, was our Representative, young in years and young in legislative experience, thrust into the hottest of

the fight, in the stormiest Congress that had ever met. Mr. Sherman performed his part so admirably, with such discrimination, intelligence, thoroughness, and courage, as to place him ever after among the most prominent defenders of law and liberty. The majority report in part was:—  
“*Every election* has been controlled, not by actual settlers, but by citizens of Missouri, and as a consequence, every officer in the territory, from constable to legislator, except those appointed by the President, owes his position to non-resident voters. None have been elected by the settlers; and your committee have been unable to find that any political power whatever has been exercised by the people.” Hence the majority of that committee were persons against whom the bitterest hostility of the South was to be expected. But the election of a Speaker was not the end of the trouble for this session. It was only the beginning. The balance of parties, Republican and Democrat, was so nearly even, that a Speaker could not be elected otherwise than by a plurality vote. There were more in-yielding Whigs than straight-out proslavery men, but not enough to carry an election in the House over the South and all. A few extracts from the journal of the House of Representatives of the Thirty-fourth Congress will show the spirit that prevailed.

On page 368, part I, is a message from the President of the United States to the following effect, which was *ordered* to be read by a vote of 168 to 87:

“*To the Senate and House of Representatives:*—Circumstances have occurred to disturb the course of governmental organization in the territory of Kansas, and produce there a condition of things which renders it incumbent on me to call your attention to the subject, and urgently recommend the adoption by you of such measures of legislation as the

grave exigencies of the case appear to require. Its outlines are as follows:—The act to organize the territories of Kansas and Nebraska, allowing the people to organize their own domestic affairs without regard to the Missouri Compromise; and that every *free white* male resident, twenty-one years of age should be a voter." Nebraska organized peacefully under this, but in Kansas there was a conflict between the free North and slave-holding South, and to put an end to this conflict or allow the people to fight it out among themselves he recommends the admission of Kansas into the Union.

On the 19th of May, 1856, Mr. Galloway read the following resolutions: "That the President of the United States be requested to inform the House, whether he has any information, official or otherwise, of the murder of three American citizens (Dow, Barber, and Brown) residing in the territory of Kansas; whether any legal steps have been taken by the United States district attorney, or any other officer, for the legal investigation thereof, and the prosecution of the murderers; also, whether he has any information in regard to the forcible abduction of Wm. Phillips, an American citizen, residing in the territory of Kansas, and there tarred and feathered; and whether any steps have been taken by the officers of the United States in that territory, for the prosecution of the persons engaged in such outrages; also, whether he has any information in regard to the tarring and feathering, at the town of Atchison, in said territory, on the 30th of April last, of the Rev. Pardoe Butler, a Methodist minister, and a citizen of the United States, residing in said territory of Kansas, and whether any steps have been taken, by the United States officers in that territory, for the prosecution

of persons engaged in said outrage; also, whether he has any information in regard to the shooting of a Mr. Mae, with attempt to kill, after he had given testimony before the investigating commission of this House; also, whether he has any information in regard to the murderer or murderers of Sheriff Jones."

These being allusions to facts well established as having occurred, and but a small part of what actually did occur.

But the murderous spirit that trampled down political rights, and with bowie-knife and rifle attempted to force slavery upon the fair fields of Kansas, found its counterpart in the capitol of the nation. Senator Sumner was brutally knocked down on the floor of the Senate and beaten till he was senseless, with a cane, by Preston S. Brooks, for an unanswerable argument made by him against slavery, and the House asserted its right to punish the perpetrator. Lawrence M. Keitt, of South Carolina, was also reprimanded for watching and seeing it done. He resigned, but was re-elected and came back. Another member was reprimanded for killing a servant at a hotel.

August 18th, Mr. Simmons submitted another resolution, which was read, considered and agreed to, viz: "to appoint a committee to investigate the alleged assault of Fayette McMullen, of Virginia, on Amos P. Granger, of New York." At one time the whole House came near getting into a fight, and probably the Southern members would have seceded and begun the war of the rebellion five years sooner, but Barkdale's wig came off, and set the whole House into a roar of laughter, which destroyed the appetite for fighting.

The first session of the Thirty-fourth Congress adjourned

on the 18th of August, and President Pierce called a meeting on the 21st of the same month, in extra session. The reason of this call was the failure to make appropriations for the army. The cause of said failure was this: The Senate had passed the bill in the usual form. The House attached a rider, that no part of the appropriation should be used for a certain purpose in Kansas. To this rider the Senate objected, and the bill failed.

There was a wide difference between the rider proposed by the Republicans in 1856, and that proposed by the Democrats, causing an extra session in 1879. In 1856 the proposed rider was, that none of the money should be used to enforce laws passed for Kansas, by the inhabitants, until they were *declared to be laws, either by the General Government, or by Kansas itself.* In 1879 the rider was to prohibit the use of the army, and to appoint marshals to enforce United States laws. The former rider, in the shape of a proviso, was to prohibit the use of the army for an *unlawful* purpose, and the latter for a *lawful*. The former asserted the power of Congress over the matter in question; the latter denied it.

The House adhered to its *proviso* from August 21st to August 30th, but the Senate was firm.

Mr. Sherman was once put on a committee of conference, but the pro-slavery interest in the Senate was too strong to be moved. At last the House yielded—*backed down* as the North ever did before the war. But in the final vote Mr. Sherman is recorded in the negative. Any one who knows the Secretary, the strength of his will, and his loyalty to truth and right, after all he had seen and heard in Kansas, would understand that he could never have voted to strike out this amendment, viz: "That no part of the military force of the United States, for the sup-

port of which appropriations are made by this act, shall be employed in aid of the enforcement of any enactment heretofore passed, of the bodies claiming to be the Territorial Legislature of Kansas."

## CHAPTER V.

### MR. SHERMAN IN THE THIRTY-FIFTH CONGRESS.

Is looking through the *Congressional Globe* it will be seen that up to the 28th of January, 1858, Mr. Sherman was on the floor eighteen times, and each time to rectify some disorder in the mode of doing business, or to correct something that was likely to go wrong, so watchful was he of our national finances. On the 28th he obtained the floor and proceeded to address the House upon the affairs of Kansas. This was a subject that he had thoroughly studied and knew whereof he spoke:

"Mr. Chairman, it is with some reluctance that I rise to speak, to a question not now directly before the House. But, sir, I know that the Lecompton Constitution will soon be presented, and that an earnest effort will be made to admit Kansas into the Union under it, I avail myself, for the first time, of the laxity of the rules in the committee, to state my opinion on that subject. Another reason why I engage in this debate is, that I have received from the Governor of Ohio, the resolution of the Legislature of that State, requesting me, as one of the Representatives, 'to vote against the admission of Kansas into the Union under the Lecompton or any other constitution that has not proceeded from the people, by a clear delegation of power to adopt the constitution, without a further sanc-

tion of the people, or which has not been submitted to and approved by the people."

"This request is entirely consistent with my sense of duty, with the wishes of the Republican party, and the general sentiment of the people of my native State. . . . There have been so many irritating incidents connected with Kansas, from its organization as a territory, that it is difficult to discuss any question relating to it with due moderation and temper. We have been compelled as legislators, again and again, to examine the disgraceful events which compose its history. Though these were for a time disputed, few among us would risk their reputation by doing so now. The irritation of the past is increased rather than diminished by the application now made to admit Kansas into the Union as a slave State, against the recent vote and known will of a large majority of her people."

Mr. Sherman then proceeds to review at length the history of "bleeding Kansas" as he found it in 1856, and as it still continued to be, and concluded with the following solemn warning (which will suit very well for these times), evincing the determined spirit that has come down through seven generations of the Shermans, and six of the Stoddards:

"In conclusion, allow me to impress the South, with two important warnings she has received in her struggle for Kansas. One is, that though her able and disciplined leaders on this floor, aided by executive patronage, may give her the power to overthrow legislative compact, yet, while the sturdy integrity of Northern masses stands in her way, she can gain no practical advantage by her well-laid schemes. The other is, that while she may indulge, with impunity, the spirit of filibust rism, or lawless and violent adventure, upon a feeble and distracted people in Mexico

and Central America, she must not come in contact with that cool and determined courage and resolution which form the striking characteristics of the Anglo-Saxon race. In such a contest, her hasty and impetuous violence may succeed for a time, but the victory will be short-lived and transient, and leave nothing but bitterness behind. Let us not war with each other, but with the grasp of fellowship and friendship, regarding to the full extent each other's rights, and kind to each other's faults, let us go hand in hand in securing to every portion of our people their constitutional rights."

Mr. Sherman's end and aim are, both in speech and action, to secure what is right first, then what is best and safest. This able and fearless speech gave him a high rank as a legislator.

On the first of March, Mr. Sherman offered a resolution to ascertain "if any money had been paid out during the previous year for the expenses of any legislature, or alleged legislature of Kansas; and if so, by what authority." He began even then to keep an eye upon the funds, to see where they went to, and what became of them.

Mr. Sherman made several unsuccessful efforts to have a committee appointed to provide for taking the census of 1860. There was quite a disposition to stave it off. "It was put over at the last census," said the Speaker. "Yes, sir," said Mr. Sherman, "and not only that, but I understood, by the delay in passing that bill, the Government lost nearly half a million of dollars. It is merely to save expense that I now propose to introduce this proposition." Finance again.

Here is another instance of Mr. Sherman's love of order. A bill was proposed to relieve an officer who was in a state of quasi suspension, because of a deficiency in his accounts.

Mr. Sherman said: "I insist on my motion, that the bill be referred to a Committee of the Whole House. I have no particular objection to the bill, but if we permit bills to be put upon their passage, as soon as reported, we shall involve ourselves in difficulty." Again Mr. Sherman objects to the irregularity of committees having their reports printed before they are authorized to do so.

On the 15th of May, 1858, is an incident showing the watchfulness of Mr. Sherman over the Treasury, which may have suggested to him the necessity of the great work of this Congress upon which he afterwards entered. It appears to have become customary to pay some of the clerks of purasers in the navy-yards fifty per cent. more than the salary allowed by law. A proposition was made to legalize it.

Mr. SHERMAN.—"I understand the effect of this amendment to be to raise the salaries of these clerks from \$500 to \$750."

Mr. MILLSON.—"The effect is to continue their salaries as they have received them since 1854."

Mr. SHERMAN.—"But which they have received in violation of law. I am willing that they should not be compelled to refund what they have received. I understand that the department decided that this \$250 should be paid them, and I am not willing they should suffer for the mistakes of the department, but I want the salary to remain in the future at \$500."

It will always be seen, by looking through the *Congressional Globe*, that there was in him a kind of instinct or habit, principle or disposition, whatever it may be called, to watch the smallest leak in the Treasury. With him every thing must be according to law. This can not be attributed to any selfish or political motive; for being in the

ment. We should be bound to guard him. If we do partly as you propose, we are bound to do the whole expenditure. But his determination is, in our view, however is right, should be done, and we do not know what should not be done.

On the 6th of April, a bill was before the House to appropriate \$3,000,000 in the appropriations:

Mr. SHERMAN. — "Mr. Chairman, I am not disposed to yield at all upon principles demanded by the necessities of the country. I think it is the duty of Congress, however, carefully to guard their appropriations from misapplication, and I limit them strictly to the necessary expenses of the Government. In my judgment our Government has departed from its original policy in the appropriation of money more than in any thing else. And one objection I have to this side of the House, as a political party, is that we have been too free in the expenditure of money." [Mr. Sherman lectures friends as well as foes.] "We have yielded too much to the demands of the Administration. We were in fault, I think, in the last Congress, in not voting more carefully and restricting the expenditure of the Government."

Notice again Mr. Sherman's demand for order and regularity, and intelligence in appropriations. He says: "It falls to take on the file of the bill for information. I find that in one clause of the bill they have included all sorts of acts for transportation of the army, including the act for sending vessels on the Gulf of Mexico, and up to the Atlantic and Pacific for procuring water, etc. They have included, I do not know how many items; but they have limited them all together, and appropriated for the whole program. Now, I want to know the amount of each article. As regards the original policy of the Government, the amount of each item was given in such bills as

this,"—“Now sir, a few words in reference to the third section of this bill. This third section appropriates money in accordance with resolutions of the last Congress, which, in my opinion, were contrary to law. I believe the last House of Representatives, in voting extra pay to its various officers, violated an act of Congress. I believe that these resolutions, passed at the end of the last session, have not the authority of law, and are wrong in principle, and, therefore, I will no more vote to sanction what I regard as a breach of law, by either House of Congress, than I will vote to sanction a breach of law by executive officers. This House has no power to appropriate money except from its contingent fund. It has no power to say that any man shall have extra pay. There is a law of Congress which expressly forbids it, and, therefore, I do not consider myself bound to vote for it. I know it is said these men are worthy officers; I admit it. At the same time, I think all these claims should be passed in the ordinary way.”

On the 9th of June, Mr. Sherman said, on the naval appropriation bill: “Now, it seems to me that when the treasury is bankrupt, it is a bad time to appropriate \$50,000 to fill up ground which, in the opinion of many gentlemen connected with the Brooklyn Navy-yard, is totally unnecessary.”

On the 6th of June, 1859, an appropriation bill being under consideration, Mr. Sherman said: “The explanation of the gentleman is not satisfactory to me. He may have given good reasons why the House, at the last session, should have appropriated this \$111,000 for the purpose named in the bill, but if any Indian agent in Oregon has used that sum, or any other sum of money, for the purposes named in this bill, without authority of law, he did what

he should not have done, whatever might have been the consequences.

"It is proposed to legalize what the gentleman presumes has been done. The appropriation is based upon the idea that the agent in Oregon has incurred a liability. How incurred a liability? He had no right to incur it. He had no right to incur a dollar of expense until Congress had appropriated the money by law; and I desire to say, that I will make a point whenever I can, in order to put a stop to the assumption of power not authorized by law.

"If you pass this bill, inserting this proviso, you will endorse a clear violation of law. I do not desire to make the point, as to the amount expended for these Indians, but that money shall not be expended in violation of law, and in defiance of appropriations."

Mr. Sherman, in the Thirty-fifth Congress, the first two years of Buchanan's Presidency, was situated, in one respect, at a great disadvantage, as it did not fully indicate his ability as a legislator and a financier. In another respect, he was favorably situated for learning thoroughly the lessons he was afterward to reduce to practice. He had shown, in the investigation of the abuses in Kansas, an ability to ferret out political corruption and wrong-doing, and search them to the bottom. In the speech that he made in Committee of the Whole, on the 6th of January, 1858, quoted above, in part, he showed that there was no fear, in or out of Congress, that he was afraid to meet. He took the well-ascertained and indisputable facts he had learned in Kansas, and so logically and forcibly were they arranged, and fearlessly presented, and yet so courteously and kindly, that no offense could be taken. On this account it was thought discreet for the opposition to

have as little as might be to do with the young man from Ohio.

Nor was he less keen to detect than he was fearless to condemn wrong-doing, and resolute to expose it, whether in his own or the opposite party, as the above notes of his remarks and extracts from his speeches abundantly show. From the quotations above, as well as from what we learn of his private life, three traits are especially prominent in his Congressional life:

1. Order. Every thing must be in order. If the order said a bill must be reported on by a committee, no exigency could induce him to depart from it. "The fences must all be kept up." We shall see the full benefit of this trait when we come to find him Chairman of the Committee of Ways and Means in the next Congress.

2. Legal requirements and forms must be obeyed. A resolution of Congress can never contravene a law. Every official must be paid his salary, and any thing more is in violation of law. Money can only be appropriated by Congress according to law.

3. Moral rectitude is held in the highest reverence. This, in fact, is the order of all his arguments. For or against the enactment of laws, Mr. Sherman's first inquiry invariably is, whether it be right or not; next, is it according to law and the Constitution; third, is it in order; and, last, is it a dictate of common sense. These were the sentiments that prompted every act of his life; and their fearless advocacy caused him to be respected and feared. Nor did he ever lose his self-respect, or the respect of others, by any undue excitement. When Barkdale's wig was pulled off, it was not done by John Sherman. He was always cool and collected. These qualities secured him an elevated position, before the close of his second term in Congress. The dis-

advantage he labored under was, that he was in the minority, and because of his ability, he was to be kept as far in the background as possible. For this reason, probably, he was put down the sixth member of the Committee on Naval Affairs. It might be supposed that this would be about the last to be heard of John Sherman during that Congress; that the other party would be safe from the criticism of the man who brought back such an "evil report" from Kansas. But the Speaker, if such were his intentions, failed to attain his end. Mr. Sherman not only held the majority with bit and bridle, through the two sessions of the Thirty-fifth Congress, but in regard to the navy, won the greatest laurels. As in the Thirty-fourth Congress, his being put on the Committee on Foreign Affairs led him so to study the subject of the French Spoliation Claims, as afterwards to set it finally at rest, so now the study of naval affairs led him so to study that subject as to make some discoveries that were so astonishing, as to place him very near the crest of a tidal wave of Congressional fame.

The manner in which this was brought about will appear from the following record in the *Congressional Globe*, for the Thirty-fifth Congress, second session:

#### NAVY-YARD CHARGES.

"Mr. SHERMAN, of Ohio. Mr. Speaker, I have received from D. B. Allen, a citizen of New York, of the highest standing and character, a written communication, making specific and detailed charges against certain civil officers in the navy department, which, if true, would justify impeachment. I have also received a letter from a member of this House, stating that, as a matter of common occurrence, certain officers in the Navy yard, at Brooklyn, have sold

employment and offices in that yard. I have been shown affidavits and certificates of workmen which, if true, would prove this charge to be well founded. My attention has been called to a printed statement in a Philadelphia paper, containing somewhat similar charges in regard to the Navy-yard at Philadelphia, and to contracts in that city. I, therefore, am compelled, by a sense of duty, to ask the unanimous consent of the House, to offer the following resolution."

The clerk read the resolution, as follows: "WHEREAS D. B. Allen, a citizen of the State of New York, specifically charges that certain officers in the navy department, in awarding contracts for the construction of vessels of war of the United States, have been guilty of partiality, and of violation of law and of public duty; and, whereas, grave charges have been made, that money appropriated for navy-yards, and for the repair of vessels of the United States has been expended for partisan purposes, and not for purposes provided by law. Therefore,

*"Resolved*, That a committee of five members be appointed to examine, 1. Into the specifications and bids for, and the terms of the contract for the work and labor done, or materials furnished, for the vessels of the United States, constructed or in the process of construction or repair by the United States, since the fourth day of March, 1857, and the mode and manner of awarding such contracts, and the inducements and recommendations influencing said awards. 2. Into the mode and manner in which, and the purpose for which, the money appropriated for the navy- and dock-yards, and for the repair and increase of vessels, has been expended. That said committee have power to send for persons and papers, and have leave to report by bill or otherwise."

This committee was appointed, and being a select, not the standing committee on naval affairs, of which Mr. Bocock, of Virginia, was chairman, the Speaker must of necessity appoint Mr. Sherman the chairman. Still Mr. Bocock was appointed on this select committee, and other strong men in sympathy with the majority of the House. It was an immense work and very thoroughly done. The report fills a large volume. The committee was appointed on the 18th of January and reported on the 24th of February. Here is a volume of a thousand pages or more, the material of which was collected and all written out, and presented to Congress in thirty-six days. That man's work was tremendous. Mr. Bocock presented the report of the majority and Mr. Sherman that of the minority. As this was a case in which the party then in power was on trial before the country, in order that both sides may be fairly laid before the reader, the resolutions accompanying the reports are both here inserted.

The following are the resolutions accompanying the report of the majority of the committee, made by Mr. Bocock:

*"Resolved*, That the testimony taken in this investigation proves the existence of glaring abuses in the Brooklyn Navy yard, and as such require the interposition of legislative reform; but it is due to justice to declare that these abuses have been slowly and gradually growing up during a long course of years, and that no particular administration should bear the entire blame therefor.

*"Resolved*, That it is disclosed by the testimony in this case that the agency for the purchase of Anthracite coal, for the use of the navy, has been for some time past, in the hands of a person wholly indifferent and grossly incompetent, and that reform is needed in the regulations which

exist on that subject, but there is no proof which traces any knowledge of such inefficiency and incompetency to the responsible authorities in Washington, nor any which shows that the need of reform grows especially out of any act of theirs; but it is expressly proven that the supply of coal for the naval service has been purchased, during this administration, upon terms relatively as favorable as ever heretofore.

*"Resolved,* That while we could never sanction or approve of any arrangement on the part of an officer of the Government which, under the pretense of making contracts for supplies, was designed to confer special and exclusive favor on individuals, yet in the contract entered into in September, 1858, between the navy department and W. C. N. Swift, for the supply of live oak to said department, it is clearly proven by the testimony that, if the Secretary of the Navy did contemplate any favor to the said Swift, he did not design to bestow it to the detriment of the Government, but that in all he did in this matter he kept always in view the good of the public and the interests of the service.

*"Resolved,* That in the letting of contracts for the construction of steam machinery for the vessels of the navy, during the present administration, nothing has been shown which calls for the interposition of the Congress of the United States; but it is manifest that the present head of the Navy Department has displayed a very laudable zeal to secure the greatest amount of speed and efficiency attainable for said vessels.

*"Resolved,* That nothing has been proven in this investigation which impeaches in any way the personal or official integrity of the Secretary of the Navy."

This report of the majority of that committee was an attempt to cover up the disloyalty of an officer of the

Government, who was at that very time doing his utmost to put the navy in a condition, such that it could not be used to prevent the rebellion.

The following are the resolutions accompanying the report of the minority of the committee, presented by Mr. Sherman, of Ohio:

*"Resolved,* That the Secretary of the Navy has, with the sanction of the President, abused his discretionary power in the selection of a coal agent, and in the purchase of fuel for the Government.

*"Resolved,* That the contract made by the Secretary of the Navy, under the date of September 23, 1858, with W. C. N. Swift, for the delivery of live-oak timber, was made in violation of law, and in a manner unusual, improper, and injurious to the public service.

*"Resolved,* That the distribution by the Secretary of the Navy of the patronage in the Navy-yard at Brooklyn, among members of Congress, was destructive of discipline, corrupting in its influence, and highly injurious to the public service.

*"Resolved,* That the President and Secretary of the Navy, by receiving and considering the party relations of bidders for contracts with the United States, and the effects of awarding contracts upon pending elections, have set an example dangerous to the public safety, and deserving the reproof of this House.

*"Resolved,* That the Secretary of the Navy, in the appointment of Daniel B. Martin, chief engineer, as a member of the Board of Engineers, to report upon proposals for contracting machinery for the United States, the said Martin, at the time, being peculiarly interested in some of said proposals, is hereby censured by this House."

Let the reader pause here and take in a full view of the

majesty of the scene here presented. On the one hand was President Buchanan, a Cabinet plotting the destruction of the Government if it were likely to be rescued from the control of slave-holders, the Kansas troubles not yet settled, a Congress at the beck and nod of the President, and the majority of his own committee ready to smooth over the reeking corruptions of those in power, as though it were no serious matter for public officials to violate law, provided only they do it for the good of the service.

On the other hand was the young man from Ohio, not yet thirty-six years of age, who had waked up the lion of the slave-holding interest already in his Kansas investigation, and the telling speech he made in reference to it in the first session of this Congress. Now he approaches the very magazine of the enemy, and lights a slow match, and proclaims President and all guilty. It is not altogether unlike Daniel interpreting the handwriting that Elliot, of Massachusetts, had said would appear; nor was it altogether unlike David contending with Goliath. Then, however, the future was doubtful, but subsequent events have made it clear. But what was the verdict then to be pronounced in the near future upon the bold and daring exhibition of this corruption in high places? At the assembling of the next Congress we shall see. Meanwhile our future financier must, forsooth, take a lesson from his excellency, President Buchanan, and his words are not without significance.

In his message, delivered on the 8th of December, 1857, the President had said:

"In the midst of unsurpassed plenty in all the productions of agriculture, and in all the elements of national wealth, we find our manufactures suspended, our public works retarded, our private enterprises of different kinds

abandoned, and thousands of useful laborers thrown out of employment, and reduced to want. The revenue of the Government, which is chiefly derived from duties on imports from abroad, has been greatly reduced, while the appropriations made by Congress, at its last session, for the current fiscal year, are very large in amount. It is our duty to inquire what has produced such unfortunate results, and whether their recurrence can be prevented. In all former revulsions, the blame might have been fairly attributed to a variety of co-operating causes, but not so on the present occasion. It is apparent that our existing misfortunes have proceeded solely from our extravagant and vicious system of paper currency and bank credits, exciting the people to wild speculations and gambling in stocks. These revulsions must continue to recur, at successive intervals, so long as the amount of the paper currency and bank loans and discounts of the country shall be left to the discretion of fourteen hundred irresponsible banking institutions, which, from the very law of their nature, will consult the interest of their stockholders, rather than the public welfare. The framers of the Constitution, when they gave to Congress the power "to coin money and to regulate the value thereof" and prohibited the States from coining money, emitting bills of credit, or making any thing but gold and silver coin a legal tender in payment of debts, supposed they had protected the people against the evils of an excessive and irredeemable paper currency. They are not responsible for the existing anomaly that a Government endowed with the sovereign attribute of coining money, and regulating the value thereof, should have no power to prevent others from driving the coin out of the country, and filling up the channels with paper circulation, which does not represent gold and silver."

Is President Buchanan condemning fiat money, and an expansion of greenbacks, and the silver dollar that is not a dollar, before the time? At any rate, he is throwing out some sound hints for the youthful representative from Ohio to work up into our sound national bank currency.

The President proceeds:

"It is one of the highest and most responsible duties of government to insure to the people a sound circulating medium, the amount of which ought to be adapted, with the utmost possible skill, to the wants of internal trade and foreign exchange. If this be either greatly above or greatly below the proper standard, the market value of every man's property is increased or diminished in the same proportion, and injustice to individuals, as well as incalculable evils to the community, are the consequence."

The President says further, and he seems to be putting words into the mouth of our Secretary to combat the greenbacks of our own time: "No bank ought ever to be chartered without such restrictions on its business as to secure this result" [its redeemability in coin]. "All other restrictions are comparatively vain. This is the only true touch-stone; the only efficient regulator of a paper currency; the only one which can guard the public against over-issues and bank suspensions. As a collateral and eventual security, it is doubtless wise, and in all cases ought to be required, that banks shall hold an amount of United States or State securities equal to their notes in circulation, and pledged for their redemption. This, however, furnishes no adequate security against over-issues." Mr. Sherman would add, unless those securities be deposited with the Government in exchange for currency. "On the contrary, it may be perverted to inflate the currency," [as greenbacks now would do]. "Indeed, it is possible

by this means, to convert all the debts of the United States and State governments into bank notes, without reference to the specie required to redeem them. However valuable these securities may be in themselves, they can not be converted into gold and silver at the moment of pressure, as our experience teaches, in sufficient time to prevent bank suspensions and depreciation of bank notes." Our Secretary has taken these same ideas, or ideas just like them, and so modified them as to make them safe by suitable limitations and restrictions.

The President then proceeds to show how the paper has increased as compared with specie, and says: "From this statement it is easy to account for our financial history for the last forty years. It has been a history of extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit," (flat money), "exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock gambling. When the crisis arrives, as arrive it must, the banks can extend no relief to the people. In a vain struggle to redeem their liabilities in specie they are compelled to contract their loans and their issues, and at last, in the hour of distress, when their assistance is most needed, they and their debtors together sink into insolvency."

This view of the old financial system and its defects, is necessary to bring out, in bold relief, the full value of our present national bank system, and the part borne in it by our Secretary, as will be seen when we come to review that stage of Government financing.

## CHAPTER VI.

### THIRTY-SIXTH CONGRESS—FIRST SESSION.

This Congress opened with ominous indications of a coming storm. Few in the North believed there would be war, most in the South hoped there would not be; but war or no war, union or disunion, it was determined that slavery should prevail, and this depended on the question whether Kansas should be admitted as a free or slave State. Things looked so auspicious for the South that President Buchanan opened his message at the beginning of this Congress with quite an air of triumph. The decision of the United States Court, in the Dred Scott case, and the execution of John Brown, had made the South almost certain that they were masters of the situation. It was under this inspiration that the President wrote his message, as follows:

"While it is the duty of the President, from time to time, to give to Congress information of the state of the Union, I shall not refer in detail to the recent sad and bloody occurrences at Harper's Ferry. Still it is proper to observe that these events, however bad and cruel in themselves, derive their chief importance from the apprehension that they are but symptoms of an incurable disease in the public mind, which may break out in still more dangerous outrages, and terminate at last in open war by the North to abolish slavery in the South."

The war came, it is true, but it was begun in the South, and by the South to perpetuate slavery.

"I firmly believe," says the President, "that the events at Harper's Ferry, by causing the people to pause and reflect upon the possible peril to their cherished institutions, will be the means, under Providence, of allaying the existing excitement, and preventing further outbreaks of a similar character."

Referring to the Dred Scott decision, he says: "I cordially congratulate you upon the final settlement by the Supreme Court of the United States, of the question of slavery in the Territories, which had presented an aspect so truly formidable at the commencement of my administration. The right has been established of every citizen to take his property of any kind, including slaves, into the common territories belonging equally to all the States of the Confederacy, and to have it protected there under the Federal Constitution. Neither Congress, nor a territorial legislature, nor any human power, has any authority to annul or impair this vested right. The Supreme Judicial Tribunal of the country, which is a coordinate branch of the Government, has sanctioned and affirmed these principles of constitutional law so manifestly just in themselves, and so well calculated to promote peace and harmony among the States, . . . . Thus has the status of a territory during the intermediate period from its first settlement until it shall become a State, been irrevocably fixed by the final decision of the Supreme Court. Fortune has this been for the prosperity of the territories as well as the tranquillity of the States. Now, emigrants from the North and the South, the East and the West, will meet in the territories on a common platform, having

brought with them that species of property best adapted, in their own opinion, to promote their welfare."

These are the views and feelings with which President Buchanan wrote this message. Before it was read, if he watched the movements in Congress, he must have begun to feel serious misgivings. Mr. Sherman, of Ohio, the man who, like a young man of old, had brought from Kansas the "evil report" of the invading slave-holders from Missouri, the David who had dared to stand up in the House on the 6th of January, 1858, and set on foot an investigation into the affairs of the Brooklyn Navy-yard, and, in a minority report, had hinted strongly at the idea of impeachment,—this man, now, of all others, was a prominent candidate for Speaker of the House. The first vote for Speaker, in that Congress, was taken on the 5th of December, when Mr. Bocork, of Virginia, had eighty-six votes, and Mr. Sherman sixty-six, with seventy-eight votes scattering.

At this the South became alarmed, and John B. Clark, of Missouri, moved as follows:

"Whereas, Certain members of this House, now in nomination for Speaker, did indorse and recommend the book hereinafter mentioned;?"

The following conversation reported for the *Cincinnati Dequar*, will explain the circumstance to which this preamble refers:

"What were the circumstances of your signing the Helper testimonial?"

"Why, a member of Congress from New York, by the name of Wheeler, or something like that, took around a paper proposing that old James P. Blair, then acting with the Republicans, should be employed to write a campaign document embodying and abbreviating the facts contained in a book by Mr. Helper, of North Carolina, showing the injury wrought by slavery. You

"Resolved, That the doctrine and sentiments of a certain book called '*The Impending Crisis of the South, How to Meet It*' purporting to have been written by one Hinton R. Helper, are insurrectionary and hostile to the domestic peace and tranquillity of the country, and that no member of this House, who has indorsed and recommended it, or the compendium from it, is fit to be Speaker of this House."

The next day, Mr. Gilmer, of North Carolina, moved to amend the above by striking out all after the word *resolved*, and inserting in lieu thereof the following, viz:

"Whereas, The circumstances and condition of the country require that the asperities and animosities, which for the last few years have been rapidly alienating one section of the country from another, and destroying those fraternal sentiments, which are the strongest supports of the Constitution, should be allayed; whereas, insomuch as

can see the inconsistency the Blairs are put in when I mention this fact. In 1859 I was beaten for Speaker by co-operating with the Blairs, and in 1870 you see where the Blairs stand. Mr. Clark, of Missouri, was the person who adopted that ingenious device to beat me?"

"How came you, so early in your career, to be nominated for Speaker of Congress?"

"Well, the party was new and made up of young men at that time. Besides, we were in a minority, and the caucus nomination for Speaker was not equivalent to an election. I saw, after two or three ballots, that I could not be elected, and stood ready at any moment to resign it any other person in the party could be elected Speaker. After balloting nine weeks, I found that three persons outside our party, one of whom was Henry Winter Davis, of Maryland, were willing to vote for Mr. Pennington, of New Jersey. I then withdrew, and he was made Speaker; but the fight they made against me attracted the attention of the whole country, and put me at the head of the Ways and Means Committee."

the history of the Government furnishes instances of success in giving quiet to the country, by the united exertions of conservative national men, irrespective of party, there is reason to hope for a like result from similar labors, whereas, in 1851, when the minds of the people of the North and of the South were inflamed on the subject of slavery, national men appealed to the country as follows, to-wit:

"The undersigned members of the Thirty-first Congress of the United States, believing that a renewal of sectional controversy upon the subject of slavery, would be both dangerous to the Union and destructive of its objects, and seeing no mode by which such controversy can be avoided except by a strict adherence to the settlement thereof, effected by its compromise acts, passed at the last session of Congress, to maintain said settlement inviolate, and resist all attempts to repeal or alter the acts aforesaid, unless by the general consent of the friends of the measure and to remedy such evils, if any, as time and experience may develop.

"And for the purpose of making this resolution effective, they further declare that they will not support for the office of President or Vice-President, or of Senator or Representative in Congress, or as member of State Legislature, any man, of whatever party, who is not known to be opposed to the disturbance of the settlement aforesaid, and to the renewal, in any form, of agitation upon the subject of slavery."

This was signed by Henry Clay and forty-three others, mostly from the South. Then follows an extract from the platform of the Democratic Convention in Baltimore, in 1852, to the effect that "Congress has no power to interfere with slavery." In the same year the Whig party pro-

claimed its adhesion to the compromises of the Fugitive Slave Law. Mr. Gilmer's resolution, after citing all these, was to abide by them. These not being agreed to, Mr. Gilmer modified his resolution by adding: "And that no member should be elected Speaker of this House, whose political opinions are not known to conform to the following sentiment."

But no vote could be reached on this resolution, and it was informally passed over, and the House proceeded with the election of Speaker, when John Sherman had 107 votes, Bocock 88, and Gilmer 22. The House now voted steadily, giving Mr. Sherman a plurality of votes, often within one of an election, until the thirty-ninth ballot, on January 27th, when William H. N. Smith, of North Carolina, had a plurality, and Mr. Sherman withdrew. Then, on February 1, Pennington, of New Jersey, was elected on the forty-fourth ballot.

Upon the organization of the House, Mr. Sherman was put at the head of the Committee of Ways and Means, just the place where he could do the most good, and best study the subject of finance. In this position he distinguished himself (as in fact he has done in every official position he has held) as a clear headed, straightforward man, of untiring industry, prompt in his decisions, practical in his views, and commanding in his influence. His success in this committee was the more conspicuous by contrast with that of the preceding Congress. While J. Glancy Jones was chairman of this committee the business of the House lagged far behind that of the Senate. But it was a subject of comment and frequent remark in the country, that Mr. Sherman kept the business of the House even in advance of that of the Senate. This must have been owing to the clearness with which he saw the best

measure, whether suggested by himself or others; the promptness of his decision, and the facility with which he could bring others to his views, or yield his to theirs, when theirs were best.

Mr. Sherman's position now was one of all others best adapted to the bent of his mind. The whole matter of finance, whether in government or individuals, may be comprehended in the answers to these several questions: 1. What are the sources of revenue? 2. The best way to get it. 3. How to keep it. 4. The best way to use it. The first two of these questions are to be answered by the Committee of Ways and Means. The greater part of Mr. Sherman's efforts in Congress thus far had been in reference to the third of these questions, *viz.*: How to keep it. He was ever watchful against leaks in the treasury. The greater part of his efforts were in this direction. When on the Committee on Foreign Affairs, he looked up and prepared to stop the payment of those old claims for French spoliation; and, when the matter came up in 1867, he had the plug ready to stop the leak. When upon the Committee of Naval Affairs, in the late Congress, he discovered those immense frauds in the Brooklyn and Philadelphia Navy-yards, and it seemed to be from natural instinct that he put forth a vigorous effort to arrest them. It was not done with the intention of annoying or impeding President Buchanan, but to save funds. He is not a quarrelsome man. We have seen in him no disposition to wrangle, nor make capital for himself, by attacking large game. Now, Mr. Sherman is on a committee where he may and must study into the subject of where and how to get the means of carrying on the Government. This, in the last half of Buchanan's Presidency, was no *sincere*. The President said in his message:

"It will appear, from the report of the Secretary of the Treasury, that it is extremely doubtful, to say the least, whether we shall be able to pass through the present and next fiscal year without providing additional revenue; and this can only be done by strictly confining the appropriations within the estimates of the different departments, without making an allowance for any additional expenditures which Congress may think proper, in their discretion, to authorize, and without providing for the redemption of any portion of the \$20,000,000 of treasury notes which have been already issued."

The interest-bearing debt was about \$62,000,000. The rate which the Government was compelled to pay for the use of money, at that time, was about twelve per cent. per annum. With the credit of the nation as low as this, and, at that, not able to pay its debts, bills incurred for current expenses, there is evidently a mighty work ahead, not only for the Committee of Ways and Means, but for the rising financier of the nation. Suffice it to say here, difficult as it was, the work of the former was done to the satisfaction of the House, and in a manner which very much endeared Mr. Sherman to the nation.

Take the following as an instance out of many that might be named:

On the 28th of February, 1860, Mr. Sherman said :

"I am instructed, by the Committee of Ways and Means, to report back, with an amendment, a bill which was referred to this committee."

The amendment proposed to pay twenty cents a mile, in a straight line, instead of the old rates of mileage to members.

"This bill in relation to mileage was sent to the Committee of Ways and Means, and we were compelled to act

upon it, and I think now the best way to commence the active legislation of this session is to correct what every body admits to be a very great evil. The present system is grossly unequal and unfair, as all admit. Some members receive five or six thousand dollars for mileage each session, while others receive not so many hundred. When the system of mileage was first adopted, it was intended not only as payment of the expenses of members from the places of their residence, but to pay for the time consumed in traveling here. In the early days of our Government, many members of Congress were necessarily three or four weeks in getting here, after long and wearisome journeys. The present system is adapted to a state of things not now existing. The amendment recommended by the Committee of Ways and Means, and unanimously agreed upon by them, saves the Government about \$200,000 a year. It is true it takes from our compensation, but, notwithstanding, I think the measure is right, and ought to be adopted," says our future financier.

Thus, in every instance where any thing could be done in this way, Mr. Sherman was in favor, first, of paying debts, doing right, and, second, saving expense. "A penny saved is a penny earned" is a maxim inwrought into the very mental and moral constitution of the Secretary of the Treasury.

It will be remembered that, in the last Congress, a select committee had been appointed to investigate the abuses at the Brooklyn Navy-yard. By this committee, in its minority report, some reflections were cast upon the President, for not scrutinizing more closely the conduct of his agents. So far, the President had been satisfied with the manner in which his conduct had been whitewashed by the majority report, seeing no action had been taken upon it by Congress.

But things were changed now. Mr. Sherman was rising, and Mr. Buchanan was going down. On the 16th of February, Mr. Sherman brought forward the resolutions of the minority of the committee on the abuses in the Brooklyn Navy-yard, and they were referred to the Committee on the Navy Department. Mr. Hatton, from that committee, reported them to the House, and they were passed, on the 13th of June, by a large majority.

The same influences that prevailed in the House prompted several other resolutions of inquiry. One, by Mr. Hoard, that "a select committee be appointed to inquire into any improper attempts, on the part of any one connected with the executive departments, to influence the action of members."

Another, by Mr. Covode, "to inquire whether the President of the United States, or any other officer of the Government, has, by money, patronage, or any other improper means, sought to influence the action of Congress, or any committees thereof, for or against the passage of any law appertaining to the rights of any State or Territory." Several other matters were included. The President, in a letter to the Pittsburgh centenary celebration, of the 25th of November, 1858, speaks "of the employment of money to carry elections." This, also, was to be inquired into. This was received by suspending rules, by a vote of 117 to 15. Mr. Hoard's resolution cited the fact that a Representative from the State of Pennsylvania, Mr. Hickman, did, on the 12th of December last, on the floor of this House, make this statement: "Mr. Buchanan could not purchase me, so I can not be purchased by others. I have already been offered more than I am worth, and refused to sell myself at that."

"On the same day, Mr. Huskin, a Representative from

the State of New York, on the floor of this House, made the following statement: 'In answer to this charge of being one of the mercenary band, let me say that no one knows better than Mr. Buchanan himself, the utter falsehood of this charge, for he endeavored by threats and by seduction of patronage, without effect, to draw true men away from the path of duty.'

"And on the 14th day of December last, Mr. Adrian, a Representative from New Jersey, on the floor of this House, made the following statement: 'During the Le-Compton controversy, I was approached in such a manner as shows corruption on the part of the administration.'"

On these grounds, Mr. Hoard's committee was appointed.

To these proceedings the President sent two protests in the form of messages to the House,—one on the 29th of May, and another on the 25th of June. The first one was aimed more particularly at the Covode Committee of Inquiry, in reference to the alleged attempts to influence the decision of the Kansas affairs. In reference to this, the President says: "I feel proudly conscious that there is no public act of my life, which will not bear the strictest scrutiny. I defy all investigation. Nothing but the basest perjury can sully my good name. I do not fear even this, because I cherish an humble confidence that the Gracious Being, who has hitherto defended and protected me against the shafts of falsehood and malice, will not desert me now, when I have become old and gray-headed. I can declare before God and my country, that no human being (with an exception, scarcely worthy of notice), has at any period of my life, dared to approach me with a corrupt or dishonorable proposition; and until recent developments, it had never entered my imagination that any person, even in the storm

of political excitement, would charge me, in the most remote degree, with having made such a proposition to any human being. I may now exclaim, in the language of complaint employed by my first and greatest predecessor, "that I have been abused in such exaggerated and indecent terms, as could scarcely be applied to a Nero, to a notorious defaulter, or even to a common pickpocket!" I do, therefore, for the reasons stated, and in the name of the people of the several States, solemnly protest against these proceedings of the House of Representatives, because they are in violation of the rights of the coordinate Executive branch of the Government, and subversive of its constitutional independence."

By Mr. Sherman's motion, this was referred to the Committee on the Judiciary.

In the other message, most of the argument is directed against the Covode Committee, but the keenest thrust is made at Mr. John Sherman. Mr. Sherman had been the first to probe the festering wounds of the Republic, and the force of the instrument was most keenly felt. The President did not aim directly at him, but said: "The House, on a recent occasion, has attempted to degrade the President, by adopting the resolution of Mr. John Sherman, declaring that, in conjunction with the Secretary of the Navy, the receiving and considering the party relations of bidders for contracts, and the effect of awarding contracts upon pending elections, have set an example dangerous to the public safety, and deserving the reproof of this House."

The absence of all proof to sustain this attempt to degrade the President, whilst it manifests the venom of the shaft aimed at him, has destroyed the vigor of the blow.

To return, after this digression, should the House, by the institution of Covode committees, votes of censure, and

other devices to harass the President, reduce him to subservience to their will, and render him their creature, then the well-balanced government which our fathers framed, will be annihilated. This conflict has already been commenced in earnest by the House against the Executive.

..... I have passed triumphantly through this ordeal. My vindication is complete. The committee have reported no resolution looking to an impeachment against me; no resolution of censure; not even a resolution pointing out any abuses in any of the executive departments of the Government, to be corrected by legislation."

Mr. Sherman, in answer to the President's protest, said: "Mr. Speaker, the President of the United States has made, for the first time, a protest against the exercise, by the House of Representatives, of one of its most important constitutional powers. I am willing to give to his communication all the consideration which its gravity demands. I am willing this House should now consider, whether or not it has the power to investigate any thing and every thing which may be wrongfully done by any officer of the executive branch of the Government; because, if the privilege of exemption, which the President now sets up for himself, belongs to him, then it extends to and attaches to every subordinate under him.

"The Constitution of the United States declares that the President, Vice-President, and all civil officers of the United States, shall be removed from office on impeachment for, and conviction of treason, bribery, and other high crimes and misdemeanors. It further declares, in another clause, that this House of Representatives shall have the power of impeachment. Under these clauses this House, sir, has the right to examine into any thing which may affect the conduct of any public officer under this Government, from

the Chief Executive down to the little page that runs on your errands upon this floor. Every one of the officers of this Government is subjected to the power of this House. But the President says we can not make our inquiries but in one way, and that is by preferring articles of impeachment. How will you prepare articles of impeachment? How will you take preliminary proof necessary to ascertain whether an officer of this Government has violated his duty? Only, sir, by preliminary examination. There is no other way. It is only by taking testimony that you can ascertain whether or not there is good ground to charge that an officer of the Government has violated his public duty. How else can we do it?

"What does the President of the United States gravely ask us to do in the message which has just been read? That this high judicial body shall find an impeachment upon mere rumor? Shall we, upon the mere rumors which are circulating in the newspapers, and upon the streets, find an impeachment? The very necessity of the case implies that we have a right to investigate all charges made in the public prints, and elsewhere. If it is alleged that the President has been seriously and improperly connected with certain transactions, we have a right in this House to inquire into the probable truth of these things. If we find that they are probably true, then it is our duty to prefer articles of impeachment against the President at the bar of the Senate.

"Why, sir, we have examined into the conduct of our own members, into the conduct of a Senator; we have the right to inquire into the conduct of any of the officers of this Government, and shall the President escape? At the last session of Congress—indeed, at almost every session of Congress—the conduct of some executive officer has been

inquired into. What provision of the Constitution excepts the President from this inquiry? What distinction is there between him and the members of this House? Do not I stand upon the same constitutional right, as the Representative of one hundred thousand people, as the President of the United States does as the representative of millions? I have the same constitutional right, and am subject to the same mode of trial for malfeasance, or nonfeasance—no more, no less. So with every officer of this Government. There is no exception made in favor of the President.

"Mr. Speaker, the doctrine set up by the President of the United States in this message, is the same under which Europe was governed for a thousand years—that the king can do no wrong. That is the doctrine that the king could do no wrong. Charles I. went to the block because the people of England declared that the king was not above and beyond their power. So it was with Louis XVI. and the French people. This doctrine, set up by the President of the United States, is, in my judgment, the very worst that has been announced since the foundation of this Republic—his conduct not to be inquired into."

The other message of the President, protesting against the action of the House, was received but a few hours before the close of the session, and, of course, there was no opportunity to reply.

## CHAPTER VII.

### THIRTY-SIXTH CONGRESS, SECOND SESSION.

THE storm of war begins. South Carolina "resumes the powers delegated to the General Government," and then secedes. The President sends a message on the perilous state of the country, which is referred to a committee of thirty.

Congress met on the 3d of December. On the 5th Mr. Sherman was ready with an appropriation bill. There seems then to have been a disposition to attach "riders," one was attached limiting the course of study at West Point, but the method of doing business adopted by the chairman of the Committee of Ways and Means being straightforward and direct, he waived all side issues and pushed the matter to a vote.

It may be of some interest to know what was Mr. Sherman's plan of saving the Union then, when expedients were in vogue, as they have been since upon resumption:

"By Mr. SHERMAN. *Resolved*, That the only true and effectual remedy for the dissensions that now exist between the several States, and the people thereof, is in the faithful observance, by the several States and the people thereof, of all the compromises of the Constitution, and of the laws made in pursuance thereof."

"*Resolved*, That the special committee of thirty be instructed to inquire whether any State, or the people there-

of, have failed to obey and enforce the obligations imposed by the Constitution; and if so, the remedy thereof, and whether any further legislation is required to secure such enforcement.

*"Resolved*, That in order to avoid all further controversies in regard to the several Territories of the United States, said committee divide said territory into States of convenient size, with a view to their prompt admission into the Union on an equal footing with the other States."

This simply shows that Mr. Sherman was neither a radical nor an extremist even amidst the excitement of those stirring times.

Again, Mr. Sherman is in search of frauds on the Treasury. Mr. Morris, of Illinois, came near getting the start of him, and proposed a select committee of five to look after certain bonds that had disappeared from the Interior Department. But Mr. Sherman asked him to wait, as the Secretary of the Interior would soon give the required information. On the same day the Speaker laid before the House a communication from the Secretary of the Interior, stating that "on Saturday night last he was informed, by the voluntary confession of an officer of his Department, that State bonds held in trust by the United States Government, for certain Indian tribes, to the amount of \$870,000, had been abstracted from its custody, and converted to private use."

It might have been well if Mr. Sherman had been appointed on the Committee on Indian as well as Naval Affairs, in the Thirty-fifth Congress.

As an indication of the amount of labor, care, and thought exercised by that man in the short second session of the Thirty-sixth Congress, lasting seventy-five days, ex-

clusive of holidays and Sundays, he was on the floor, speaking more or less over two hundred times.

The following are his remarks upon the Treasury Note Bill, only one week after he was appointed on the committee. He must have labored night and day to get all these figures together. Mr. Sherman said:

"Mr. Speaker, the House will perceive that the bill, now before us, is a mere temporary expedient to provide for the pressing demands upon the Treasury. Most of the members are aware that the Government has not been able to pay, for the last week or two, our own salaries, and many other demands at New York and other places. The revenues have fallen in short, during the last week, amounting, I believe, to but \$250,000. Most of the revenues are now paid in Treasury notes. This bill authorizes the issue of \$10,000,000 Treasury notes for temporary purposes. The amount now outstanding is indeed in excess of the amount authorized by this bill; so that the bill provides for no increase of the debt.

"I might here return, as to what I have to say about this bill, but it is proper for me to add that it will be necessary for the House, very soon and promptly, to consider some other measures of relief. On the 1st of July last there was in the Treasury \$3,629,236, a balance entirely too small to carry on the ordinary operations of the Treasury. During the first quarter of the fiscal year the expenditures exceeded the receipts some \$2,000,000, and there are now unpaid appropriations to the amount of ten or fifteen millions.

"The second quarter will probably fall several millions short of the necessary expenditures, and if we are to judge from the temper of the times, the distress in the country, and the political difficulties that

surround us, it is probable that during the remaining three-quarters of this fiscal year, there will be a deficiency of from ten to fifteen million dollars. This is not the fault of this House, but it is the fault of our revenue laws. For the last three years we have been living upon the credit of the Government. I have a paper before me showing that since the 1st of July, 1857, we have been going in debt to the extent of nearly fifty million dollars. In the fiscal year ending June 30, 1858, the deficiency, or excess of payments over revenue, amounted to \$27,162,188. In the next fiscal year it amounted to \$15,902,932. During the last fiscal year it amounted to \$6,725,600, and according to the statement already made, during the present fiscal year the deficiency has been not less than from fifteen to twenty million dollars. I have prepared a statement which shows at a glance the changed condition of our finances in three years.

"On the 1st of July, 1857, the entire debt of the Government, after deducting the balance then in the Treasury, was \$11,350,272.63.

In 1858 it was \$38,512,462.56

In 1859 " " \$54,115,393.79,

In 1860 " " \$61,140,497.00.

"It is manifest, therefore, that the House, in order to preserve the credit of the Government, ought to make some change in the revenue laws or to diminish the expenditures. We must either, by a bold stroke, reduce the expenditures fifteen or twenty million dollars, or contract new loans, or raise new revenues. The bill now pending in the Senate, I need not inform the members of this House, authorizes a loan of some \$20,000,000, and in addition to that provides for the increase of the revenue.

If that bill should pass, and if the present disturbed condition of the country be healed up, then the annual revenue would amply cover our expenditures, upon the basis of existing laws and salaries; but with the present difficulties, and with our present revenue laws, it is manifest that this bill will not be the last loan bill, nor the last Treasury note bill that the Committee of Ways and Means will have to report to this House."

The above statement is simple and clear. A peculiarity in Mr. Sherman's financing is to keep the country advised of the exact condition of the Treasury, the revenues and the expenditures, and, above all, of the debts. This is the first clear statement the writer has found (in these three years) of the national debt. Another peculiarity is an irrepressible impulse to prevent even the smallest loss or needless expenditure. A third is, in all possible cases to "pay as you go." Contract no debt for current expenses, but if there are debts, to be always sinking them, if possible.

On the 2d day of February another loan bill was proposed by the Committee of Ways and Means, which closed with these words: "But no additional compensation shall be allowed to any person receiving a salary by law."

Mr. Sherman said: "In last December, at the pressing instance of Mr. Secretary Cobb, we authorized the issue of \$10,000,000 treasury notes, with the specific pledge of the balance of the loan of June 22d, for the redemption of these treasury notes; and now my friend from Missouri proposes to take that loan, thus specifically pledged for the redemption of these treasury notes, and apply it to the current expenses of the Government. I say that it would be a violation of the public faith, for this Congress to pass the law now proposed by the gentleman from Missouri. The moneyed men of New York would say the credit of the Government had

been violated, because, when they took the treasury notes, under the law of December last, it was with a specific pledge, with a mortgage in fact, upon the loan of the 22d of June last." So watchful was Mr. Sherman to guard the public credit of the nation. But this was not all; he closed these remarks as follows:

"And here let me say a word to my friends on this side of the House. I ask them, when we are compelled to come in here, with loan bill after loan bill, to enable the Government to meet its expenses, if it is not time to pause, in the appropriations they are making, certainly for the benefit of moonshine speculations, for rights within the jurisdiction of a foreign government." As much as to say, let not a dollar be wasted.

Again, Mr. Sherman said on the same subject: "The sum we have to do is not beyond the capacity of the youngest boy in an arithmetic class. Here we have a debt of \$25,000,000, and how are we going to pay it? You have \$10,000,000 of treasury notes, bearing twelve per cent. interest, which are due next December. How are you going to pay them? My friend from Missouri says, by a loan in the tariff bill. But there is already a loan bill upon our statute books, under which these treasury notes can be withdrawn when they become due. Why then repeal one law to give place to another, unless it be to show that the new administration has borrowed \$21,000,000 to pay the liabilities of the Government? I say to you, gentlemen on the other side, pay your own liabilities, or pledge the Government credit for enough money to pay them. I trust that the incoming administration will not come into this House, and ask, year after year, loan bills to pay current expenses."

The reader has now followed Mr. Sherman through his

three terms in Congress; various incidents (some of them very opprobrious, too much so, perhaps, to be cited here) have been noticed in the order of time in which they occurred, and not in the order of subjects to which they relate. But they are put down here as they occurred, in order to give a living representation of what he has done, and the manner in which it has been done.

The three terms that Mr. Sherman served in the House of Representatives, were the training school in which the great financier was educated. But in all this time he had no teacher but himself; and it is evident that that teacher was a very industrious one, very apt to teach, and the learner equally apt and industrious. He always directed his attention to subjects as they were providentially brought before him. When appointed on the Committee on Foreign Relations, he studied up the subject of the claims for French Spoliation prior to 1800, but it was in order first to do *right*, and next to save money to the Government. When he was put upon the Committee on Naval Affairs, he studied diligently the whole system of contracts for ship building, repairs and supplies to the navy, in order to find out how the funds could be used most economically for the Government. Though not the chairman, he did not wait to be set to work by the responsible head, but set himself to work and study, being both master and pupil. He had a select committee appointed of which he was chairman, and in a little over a month he filled a volume of a thousand pages, detailing the most enormous abuses and official neglect and indifference, where vast sums were wasted, at the very time the country was much in debt for current expenses. He also sat on the Knights' Investigating Committee, and though not the chairman, it was ready to take a part in the work that would bring the apologe of one side and the

hated each other. The motive that prompted him in this was—“sovereignty and the country, its unrepresible desire to see right done, and vice and fraud suppressed. His regard to what was morally right, for what is agreeable to constitution and law, for good order and fair play, was the impelling motive.

When the danger was threatening of a disruption of the Nation, the remedy proposed by him was the sensible one, that national compact and compromise should be strictly observed; that the Government should search out the delinquents, and remove the temptations to party strife.

Mr. Sherman urged a reform in the system of mailing, because it saved money to the Government, was fair to the members, though it took money out of his own pocket. With the same view and the same self-sacrifice, he made an unsuccessful effort to abolish the franking privilege, though it has since succeeded. As a student, then, he was ready to enter any department of study that offered, and as a teacher gave sound instructions; but in every thing almost there was more or less direct reference to the *gold*. Finance was his specialty, and it nearly always came in somewhere. Even in reference to Kansas, there was a questioning whether money had not been used to carry a measure, and on another occasion a caution against “moonshine speculations in a foreign country.”

Mr. Sherman evidently has an almost unbounded capacity for learning. Considering the immense variety of the subjects that come under observation, the extensive reading required, and often the closest investigation, in order to be well posted in regard to them, the rapidity with which he must often make his decisions, the immense responsibility if a decision were wrong, with two hundred learned men around to detect the slightest error, the whole nation, in

fact, looking on, many of them bitter opponents; and yet seldom do we ever hear of a slip of the tongue, the pen, or the memory. To rise more than two hundred times in seventy-five days to address such an audience, on such a variety of subjects, implies a most remarkable capacity for learning, patience and industry in searching it out, memory in retaining it, and readiness in using it; four mental traits that rarely ever meet in the same person.

Then, again, Mr. Sherman is not only honest financially, but most scrupulously truthful. In looking through some eighteen volumes of the *Congressional Globe*, during his three terms in the House, the writer does not remember a single instance where he is accused of crossing his tracks, or making an incorrect statement, or in the heat of debate saying what he is obliged to recant.

Nor has Mr. Sherman so wonderfully escaped by any thing like a timid or times-serving course. On the other hand he not only has strong and clear convictions, but is remarkably bold and prompt to avow them; and yet it is always done so coolly and courteously, and so well timed, that seldom ever is any offense taken. All this shows him to have been a thorough-going student, and an apt learner during his entire course in the House of Representatives.

#### MR. SHERMAN'S SCHEME OF FINANCE.

While Mr. Sherman was in the House of Representatives, whenever he could put in a word, or do an act, or suggest any measure that could aid the Government finances, he did so. As already noticed, he brought forward some temporary measures, and urged them with great force, to relieve the treasury. One speech was made in the House, May 7, 1860, upon the Morrill tariff bill. His first point was to show that the then existing tariff did not produce

revenue enough to pay expenses. Something then must be done. We must either diminish the expenses, or increase either the debt or the revenue. The idea that a "national debt is a national blessing," is an absurd one, and should never have been tolerated. He next asks, can the expenses be reduced? After pointing out various abuses that existed and sums squandered, he said: "If we could only manage these matters as intelligent business men manage theirs, there would be an end to all these abuses. This we can not do, because parties look to the public money as the reward of party success."

On this account, he seems to have little hope of reduced expenses. "We will have to raise sixty-five or seventy millions the next fiscal year. Where is it to come from? We may expect from land sales perhaps \$500,000 above expenses. Let us give away the lands to actual settlers. It is the only honest, the only noble, the only manly system of disposing of the public lands. Miscellaneous items from consuls, fines, and forfeitures may reach \$1,000,000. To import duties alone can we look with confidence. If required, we might raise a revenue from this source of \$100,000,000." It was Mr. Sherman's opinion that if there should be an importation that would yield \$60,000,000 from the present rates of duty, as the Secretary of the Treasury predicts, it would prove a national misfortune second only to his practice of living upon the public credit. He approves, in the main, of the proposed tariff, because, as far as possible, it changes *ad valorem* for specific duties, thus guarding against frauds.

Another reason Mr. Sherman has for this bill. It is framed upon the idea that it is the duty of the Government in imposing taxes to do as little injury to the industry of the country as possible. "You may make a tariff to raise

\$10,000,000, and break up every industrial interest of the country. The Committee of Ways and Means report a tariff which will raise \$15,000,000, and will do no injury to any industrial interest."

The House passed the bill, but the Senate postponed its consideration to the next session.

Other speeches were made in the House on December 10, 1859, on the issue of \$10,000,000 of Treasury notes, and on the 2d of February, on the loan of \$25,000,000 already noticed. Both of these, however, were temporary expedients. We shall next find Mr. Sherman in the Senate, and on the Finance Committee, where he belonged, and commencing in earnest his great life work for his country.

When President Lincoln entered upon his office in 1861, Senator Chase was appointed Secretary of the Treasury, and resigned his seat in the Senate. After quite a protracted contest, in which Governor Dennison and General Slocum were competitors, Mr. Sherman was elected, and after the expiration of his term was re-elected, and served from March 4, 1861, to March 4, 1877, when he was made Secretary of the Treasury by President Hayes.

## CHAPTER VIII.

### MR. SHERMAN IN THE SENATE.

THE first session of the Thirty-seventh Congress (a called session) met July 3, 1861, and closed August 6th, and the second session (regular) convened December 2d, Mr. Sherman serving on the Finance Committee, of which Mr. Fessenden was chairman.

The Senate, as in Committee of the Whole, resumed the consideration of the bill to authorize the issue of United States notes, and for the redemption and funding thereof, and for funding the floating debt of the United States.

The only point in doubt was, whether these notes should be made a legal tender in payment of public and private debts. Mr. Sherman was in favor of it, but only on the ground of necessity. Without this quality the paper would have become depreciated. He thought there was power constitutionally to pass it, and a necessity for it. "The Secretary of the Treasury, the Chamber of Commerce of New York, the Committee of Public Safety of New York city, the Chambers of Commerce of the cities of Philadelphia and Boston, say this measure is indispensably necessary to maintain the credit of the Government. These men understand commercial matters better than most of us Senators."

"But," says Mr. Sherman, "I do not intend to rest here. I desire to show the necessity of it from reason. We have

to raise and pay out, before the first day of July next, \$343,235,000, \$100,000,000 now due to your soldiers and contractors. Where will you get this money? The banks have loaned all they can. We can not get it from taxation for six months at least. We must borrow it. The most direct way would be to put your bonds upon the markets of the world and sell them for what they will bring. Great Britain in her wars with Napoleon sold £120,000,000 of securities for £260,000,000. She contracted a debt of £273 for every £100 received. But this would not have carried her through had she not adopted a national currency of paper money—practically, if not legally, made a legal tender.

"But this \$100,000,000 will be exhausted, and what then? Why, then we can sell bonds; but if we offer them now, without this legal tender, they will not bring sixty cents on the dollar. But it is said, repeal the subtreasury law, and take the currency of the State banks; yes, and bring us an inflated and irredeemable currency of the most dangerous character.

"It is easy to criticise this bill. I dislike to vote for it. I prefer gold to paper money, but there is no other resort. We must have money or a fractured Government.

"This measure, then, is necessary. Have we the constitutional power? We certainly have, if it be necessary to support the army and the navy, for we certainly have power to do that. This has been settled by precedent. It was done in the war of 1812, in the Mexican war, we receive them now for our services, and we pay them to our soldiers and creditors. But this power is embraced in that of coining money. Congress has this power, and is not prohibited from issuing bills of credit. It is said if we pass this bill we do injustice to our creditors; and we certainly

do, if we do not pass it. If you strike out this legal-tender clause, you issue notes that will fall dead upon the market, and the Government will be disgraced.

"But I anticipate from this beneficial results. It will be the beginning of a national currency, for which the property of the nation is pledged. Then you can sell your bonds. We have this power, but it must not be used too often."

The bill passed February 25, 1862.

The next move in Mr. Sherman's grand financial scheme was the taxing of the bank bills. After explaining the difference between banks of discount and banks of issue, he states that the strongest banks issue the least number of bills, and the weakest issue the most, and quotes Secretary Chase's report in which *he* says: "Circulation is commonly in the inverse ratio to solvency. Well founded institutions, of large and solid capital, have in general comparatively little circulation, while weak corporations almost invariably seek to sustain themselves by obtaining from the people the largest possible credit in this form. Under such a system, or lack of system, great fluctuations and heavy losses in discounts and exchanges are inevitable, and not infrequently, through failures in the issuing institutions, considerable portions of the circulation become suddenly worthless in the hands of the people."

"Bank after bank, filling the country with their notes issued upon fictitious capital, explode, and the note-holders suffer the entire loss. The strongest banks do not need this circulation, the weakest do not deserve it; therefore tax it out of existence."

"The taxation of bank bills is simply a matter of equity. The business of banking is now heavily taxed by our excise laws. All commercial paper, checks, drafts, orders,

bills of exchange, foreign and inland protests, certificates, bonds, powers of attorney, are heavily taxed; then why not tax bank bills? Private bankers must practice a license at the expense of one hundred dollars, but banks of circulation are exempted. It is unjust to tax every thing else, and let bank bills go free.

"Bank circulation should be taxed because, by the exigencies of war, the profits arising therefrom have been greatly enhanced; and by the suspension of specie payments great temptations are afforded to excessive issue."

The following is a bit of secret history that ought to be preserved as a caution to the Government against ever resuming the old State bank system:

"I say," said Mr. Sherman, "they ought to be taxed more heavily than other employments in life. Why, sir, I remember very well—and some of the Senators here remember it also—an interview which was sought by the bankers of our chief commercial cities—all of them intelligent and patriotic men—with the Secretary of the Treasury, to which they invited the financial committees of the two Houses to hear their proposition for carrying on the financial operations of the Government. We all went to the office of the Secretary of the Treasury, and the proposition was there made that the United States should issue no paper money whatever, that the specie clause (as it is called) by the subtreasury law should be repealed, and that we should carry on the war upon the basis of the paper money of the banks, legalizing the suspension of specie payments, and that the Government should issue no paper, except upon an interest of six per cent, or higher, if the money markets of the world demanded more. That was their plan of financing the plan substantially adopted in the war of 1812, and which has been condemned by

every statesman since that time—a plan of carrying on the operations of this great Government by an association of banks over which we had no control, and which could issue money without limit so far as our laws affected it."

The objections were considered next. "This tax interferes with vested rights." "But," said Mr. Sherman, "all property is held subject to taxation by the Government, and it has the right to designate the objects of taxation. A State may, by law, make a contract with individuals, which it can not impair by taxation, but it can not thus affect the power of Congress. But it discriminates against banks." So does every tariff and revenue act discriminate in the objects of taxation. If such are right, this can not be wrong. Is two per cent. too high on bills, and ten per cent. on fractional currency? On the former it is but one-third of the profit derived from the issue of paper money without interest, the principal of which is not now paid in coin; on the latter it is right because it is issued in violation of law, and this is the only way to suppress it."

In advocating this law, however, Mr. Sherman had a higher and grander purpose than merely to raise a revenue for the Government. This purpose was to induce the State banks to substitute for their paper that of the national banks, then just authorized, and thus replace the variable and unreliable currency authorized by the various States in the Union, by a sound and stable national currency. He refers to the arguments in favor of establishing the first and second banks of the United States, the first by Hamilton, the second by Madison, as follows: "It is, however, essential to every modification of the finances that the benefits of a uniform national currency should be restored to the community. The absence of the precious

metals will, it is believed, be a temporary evil; but until they can again be rendered the general medium of exchange, it devolves on the wisdom of Congress to provide a substitute, which shall equally engage the confidence and accommodate the wants of the citizens throughout the Union."

"This," said Mr. Sherman, "is a statement of the whole matter. When coin, the best national currency, is driven out of circulation by the existence of war or other extraneous circumstances, then it is the duty of Congress to provide substitutes." Mr. Sherman might have referred here to the message of President Buchanan, already cited in these pages, which distinctly outlined what has since become a reality in our national bank system, with all the guards thought desirable by that statesman.

The following were Mr. Sherman's objections to local banks:

1. The great number and diversity of bank charters—sixteen hundred and forty two banks chartered by twenty-eight States, upon widely different bases.

2. Their unequal distribution. "According to a recent statement," he says, "the circulation of banks in the Eastern States is about \$130,000,000, and of that amount one third is computed to be in the Western country. I have no doubt we are now circulating in the West \$40,000,000 of paper money issued by the banks in the East, and we are paying to the East the interest on this \$40,000,000."

3. Losses by counterfeiting (which we can not prevent), on banks so diversified, are immense, and fall upon the whole people.

4. Loss by broken banks is immense.

5. Loss by exchange is ordinarily one per cent., and the writer has known it to be fifteen per cent.

6. There is no power to prevent an over-issue, by which "all the values in the country may be destroyed, depending upon baseless issue, the redemption of which can not be guaranteed." This can be prevented by taxation.

7. "The system of local bank paper destroys all hope of a national currency, and defeats a plain provision of the Constitution. It is difficult to resist the conviction, that notes issued by State corporations are bills of credit prohibited by the Constitution of the United States." Here follows an able and conclusive legal argument against the right of States to emit bills of credit or authorize corporations to do so.—*Congressional Globe*.

8. Another reason for doing away with State banks is, that "if the war is carried on with all this circulation afloat, when it ends we shall be overwhelmed with irredeemable and worthless paper, as we were in 1815-20."

9. Mr. Sherman showed how it would interfere with funding the national debt, and of course prevent "resumption." Here his forethought was laying a huge "anchor to the windward," to use when the storms of war should cease, and the result shows that it was needed.

There can be no doubt that the displacement of State bank circulation by a national currency, brought about by this tax, has saved to the people of the United States, to common laborers and all consumers, more than enough to pay the interest on our war debt. Take a plain statement. Here is a laboring man that receives a dollar a day for three hundred days in the year. We will suppose he receives it in bills on Ohio banks, and one-half is expended for goods from the East. These bills, upon an average, are at a discount of three per cent. Then he pays four

dollars and fifty cents in that case, where he pays nothing now. This, by all the consumers in the United States, would more than pay the interest on our war debt.

Whoever has lived through the revisions of 1816-20, 1837-42, and 1857-60, as the writer has, and whoever remembers the tremendous political contests about the old United States banks, will rejoice that we have a stable national currency, secured by United States bonds, and over which the Government has no control, except to limit the amount of issues. It is not to be supposed that the whole credit of all this belongs to Mr. Sherman. He was assisted by other able men, such as the Hon. S. P. Chase, and especially J. Cooke & Co. Without these Mr. Sherman might have been powerless, and without a man like Mr. Sherman on the Finance Committee of the Senate, to lay far-reaching plans, and pilot and press them, one by one, through Congress, their skill would have been of no avail. The beauty and the wonder of the whole process of funding and refunding the national debt, and the resumption of specie payments, are that they are parts of a well-connected and efficiently conducted scheme from the beginning to the end—a scheme thoroughly criticised and stated at every step by friends, and resisted by foes, but urged on and carried through by one who has proved himself a master of finance. One of these steps has just been reviewed, viz., that of clearing off a flood of local bank paper.

Now, the issue of United States notes having been authorized in a bill to provide a national currency, secured by a fund of United States steel, and for the circulation and redemption thereof, being before the Senate, the following amendment was offered, as an additional section, by Mr. Powell, of Kentucky:

*"And be it further enacted,* That each and every banking association organized under this act shall be and is hereby required to keep in its vaults, in gold and silver coin, at all times, an amount equal to at least one-fourth of the amount of the notes it is authorized to issue."

This, it will be noticed, if adopted would, at that time, have prevented the organization of the national banks, because there was no specie to be had. War had driven it out of the country. The provisions of this section required that amount to be kept in lawful money.

A very cursory look through the *Congressional Globe*, issued at the time this bill was under consideration, will show that Mr. Sherman, at almost every step, was met with suggestions, motions, and amendments, of which the above is a specimen, and on him rested mainly the defense of the bill, and its ready amendment when ver a real fault or flaw was suggested, from any and every quarter. While Mr. Sherman's mind is characterized by remarkable firmness and promptness of decision, there is nothing like obstinacy about him. However deep his interest in the success of a measure, and however much he may have cherished it as a scheme of his own, he is ever open to conviction. There is nothing like egotism about him. His only purpose seems to be to adopt the best plan, whether his own or another's. The character of this amendment of Senator Powell was clearly shown as being an attempt to defeat the bill.

Mr. Sherman, never disposed to claim any credit not his own, did not say, as he might have done, that he had submitted this bill to the Secretary of the Treasury, and it had been approved by him and every member of the Cabinet, that it had the assent of the great body of the people.

and of many banks. He made no such claim for his committee, even, till he was forced to do so.

Mr. Collamer, of Vermont, objected to the bill, upon the supposition that it was proposed by the Secretary of the Treasury. Upon this objection Mr. Sherman claimed, for the Finance Committee, the paternity of the bill, but not for himself, as he might have done, for the manner in which he defended it from attacks of friend and foe, would render it evident, that if it were not his own child, it was very nearly related to him.

Mr. Collamer's real objection was to doing away with the local banks, and this was just what Mr. Sherman wished to do. Mr. Collamer said, under this system, the national banks can not make money. "Then," said Mr. Sherman, "they will not harm the local banks."

Mr. Collamer says the Government will derive no benefits from these banks. To this Mr. Sherman replied by reviewing his remarks on the bill to tax the circulation of the banks, made the day before, viz: "The Government is making market for its bonds by having fiscal agencies throughout the United States, so that it may more readily collect its debts, and by saving one-third of the interest on the bonds held as security for circulation, and by securing to the people of the United States a uniform national currency, which can be passed from hand to hand, in all parts of the country, without loss by exchange, deterioration or alteration."

Mr. Collamer said: "The power granted by this bill would render the Secretary of the Treasury a very dangerous person."

"Dangerous to himself," said Mr. Sherman. "If a man have power to appoint twenty to responsible positions, he will give offense to five hundred by disappointing them."

Mr. Collamer thought the winding up of local banks would be a dire calamity.

"But," said Mr. Sherman, "they are wound up every twenty years, and, in that time, an amount equal to their whole circulation is lost, in the hands of the people, and here is a plan by which such losses may be avoided."

But so strong was the tide against this bill in the Senate, that the next day, February 10, 1863, Mr. Sherman was again constrained to address that body, and said:

"Mr. President, the importance of the subject under consideration demands a further statement than has yet been made of the principles and objects of this bill. I wished to avoid the labor of discussing the subject, but its discussion seems to be necessary. I shall endeavor to condense what I have to say, for I know the time of the Senate is precious, and I desire to get a vote on this bill, if practicable, to-day."

Mr. Sherman proceeded, in a speech of nearly twenty-two closely-printed pages, octavo, to notice, first, surrounding difficulties, the sources from which the bill is commended, a review of measures already adopted, *viz.* the issue of United States notes; the evils of State bank circulation, the difficulties of an exclusive circulation of Treasury notes, a review of all expedients adopted by other nations, as well as our own, and their evils, presents a diagram showing the effects of an over issue of paper money. Then he calls attention to this bill—its desirable provisions, its value to the Government—a safe and convenient way to dispose of the State banks, a convenient agency for the Government, identity of interest between bankers and the Government, convenience of the people, the ease of detecting counterfeits, promotes a feeling of nationality, banks

themselves will be benefited, place to deposit funds by collectors of revenue, etc.

He also reviews the old United States Bank, and the struggle between hard money politicians and all banks, the adoption of the subtreasury law, the necessity of some agency in borrowing by a government, reviews the idea that interest is saved by issuing Treasury notes. Though sick and fatigued, to meet them boldly, and foil them honestly, will secure safety, and closes with the following almost prophetic appeal:

"Under the system now proposed, with the sanction of the Secretary of the Treasury, the Government pays but four per cent. on the amount of bonds held in the department, and these banks provide a market for a greater quantity of bonds. The banks, under this system, will be the means and the medium by which the Government can renew the money in the hands of the people. Those who take the responsibility of defeating a measure of this kind, unless they can substitute something better in its place than the infinite issue of paper money, will take a responsibility that I would not for my life assume. I had doubts on this system. I examined them carefully; I weighed them all, and, on my own responsibility, I feel bound to say that, all things considered, it is the best that can be adopted, under the circumstances, to avoid that which will be inevitable destruction.

If this bill is defeated, and we go on upon the system proposed by the House of Representatives, to issue an infinite amount of paper money, without restraint or limit, the result of every thing will rise, the produce that we grow will rise, and the expenses of the Government will be multiplied in amount. Nothing now restrains the speculator except the Senate. Unless we can devise some

permanent basis for a national currency, some wise financial scheme, our people will be embarrased in regard to regulation.

"But, sir, when your United States notes depreciate, they carry down with them United States bonds." Some Senators think we ought to go on issuing these notes till the mere operation of supply and demand will compel the people to convert them into bonds. Why, sir, it is the history of such operations that, as the United States notes go down, the bonds go down. Stocks that I know to be worthless— inflated stocks of broken railroad corporations— are now selling in New York for more money than the six per cent, bonds of the United States, with interest payable in gold and silver coin. It is one of the tendencies of the times, and the more you inflate your currency, and derange matters by the issue of Government paper money, or bank paper money, based upon it, the more you derange matters, and give an impetus to the present speculation. But if, by a wise system, you induce the local banks gradually to assume, as the basis of their circulation, the United States notes, and limit the amount of those notes so far that is indispensable, you will furnish a outlet for your bonds, by which alone you can hope to carry on the operations of this war. I may be like other men who have thought a great deal on a particular subject, I may give to this question an undue importance, but with me it is all-important. The establishment of a national currency, and of gold as the test that has yet been devised, is of great importance. It is more important than the war, or even a battle. In connection with this subject, the condition of negroes, old slaves in the South, has been of great significance. I would see them slaves, for it was their fathers were before them, if only we could maintain a

nationality. I would see them free, disenthralled, enfranchised, on their way to the country from which they came, or settled in our own land, in a climate to which they are adapted, or transported anywhere else, rather than see our nationality overthrown. I regard all these questions as entirely subordinate to this. Sir, we can not maintain our nationality unless we establish a sound and stable financial system, and, as the basis of it, we must have a sound national currency. So it seems to me. I may be wrong, but, so strong is my conviction on this subject, that I believe the passage of this bill, by which our financial system may be harmonized, and by which we shall have what has always been desired by the statesmen of America—a sound national currency—is more important than any measure we can pass.

"I may say to my political friends that it receives the sanction of every member of the administration, and particularly the earnest sanction of the gentleman who is placed in charge of the Treasury Department. I will say to my political adversaries that it has no connection with party politics. It has been framed, I believe, without reference to any political dispute, simply to accomplish that which we all desire—to place our national credit on the surest and safest foundation. I ask them, before they record their votes against it, at least to furnish us a better. Shall we go on issuing paper money, discarding and disarranging every thing? Shall we sell our bonds in the market for what they will bring? Great Britain did it, but she established a sound national currency through the agency of the Bank of England before she did it; she removed the restrictions from the Bank of England before she commenced that system of selling her public securities. Then she did it. Unless you can tell me a better system, I ap-

peal to friends and opponents to vote for this bill, because, whatever differences there may be as to the mode of administering the government, whatever differences there may be as to political questions growing out of the war, on the much-disputed matter of the condition of the African race in this country, there can be no doubt that we all alike are interested in preserving our national honor, our national credit, our national existence. If these are lost, what 'a sea of troubles' is before us! If our credit is gone, if our nationality is destroyed, who among us now can see the end of the difficulties that loom up in the future? Who can see the difficulties that will arise, if a boundary line is attempted to be drawn across this continent, between two hostile sections? Who can see the difficulties before us if, by the progress of time, our paper currency becomes what my friend from Kentucky yesterday said it was—'worthless trash'? Then, sir, the Government will be subverted. No people can carry on a long war except with money, and you can not get money unless you have public faith, unless you have the means of borrowing, and unless the means of paying, at least the interest, shall be provided for by a wise and uniform system.

"I believe that if the financial bill reported from the Finance Committee, and this bill, a necessary supplement, together with a just system establishing a sinking fund, be passed, we can carry on this war, even with the enormous burden thrown upon our people. Then let us, in addition to this system, practice economy. I know that sometimes Senators have thought I have been very captious on that subject. If I know my own heart, I have not been actuated by any unworthy spirit, but simply by a desire to save and husband the resources of the people of this country, to enable them to meet the great national difficulties that

exist. If we can only get through this strait, if we can see our way out of this war, upon the basis of preserving the Union, there is nothing that can be said too highly of the future of this country. With boundless resources, with an enterprising population, placed in the center of a great continent, in a temperate climate, history does not afford, and can not furnish, a parallel of our capacity. Our example of success will not only establish our republican form of government, but it will spread the spirit of our republican institutions over lands that are yet living under kings and nobles and despots. Sir, I therefore do press upon the attention of the Senate this important bill."

The whole movement of displacing the local State banks, by the national bank system, was one of the grand results of the war to suppress rebellion, as well as an important agency in its success, and Mr. Sherman was the man whose force of character, and will, and foresight, carried it through. It may be said that Mr. Sherman was greatly indebted to Mr. Chase and Jay Cooke & Co., and that he never would have succeeded but for them. True, the skill and efforts of such men as these, and particularly the herculean labors of Jay Cooke & Co., were essential, and should never be forgotten or underrated. But what could Mr. Cooke have done without the agency of the national banks? Little or nothing. Mr. Sherman's wisdom consisted in using all the wise suggestions of others, together with the useful lessons of history, and rejecting advice that was worthless. It was his part to urge the necessary measures through Congress. This he did, and others did not.

## CHAPTER IX.

### RESUMPTION CONTEMPLATED.

THE grand and crowning work of Mr. Sherman, in popular estimation, has been the resumption of specie payments. To do justice to the subject of this sketch, it will be necessary to recount the steps by which it has been achieved. In this may be found a lesson for a young man in ordering his personal affairs, or a statesman in conducting those of the public. Mr. Sherman may be said to have been shaping his course unconsciously, to this very end, from his first entrance into Congress. It seemed to be instinctive with him. When placed at the head of the Committee of Ways and Means, he began actively to make his first preparation, as though it devolved on him to provide for all the wants and necessities of the nation. His first move was to provide for the debt, by the issue of stock to the amount of \$25,000,000. This bill became a law February 8, 1861, the Morrill tariff bill having failed to pass the Senate.

The next move was made on February 13, 1862, in passing the legal-tender act, when Mr. Sherman showed the necessity of that feature of the bill. By this, \$150,000,000 of Treasury notes were authorized and made a legal tender. On January 10, 1863, the law was forcibly advocated for the taxation of the circulation of State banks, in order

to do away with them and make room for a national currency—a step more important than he then knew of towards resumption. On the 9th of February, 1865, another step was taken, viz., the organization of the national bank system, which was most earnestly advocated by Mr. Sherman in a speech of unusual length. On the 27th he made another speech, showing the necessity, on the part of the Government, of keeping the value of lawful money as nearly as possible to that of gold, closing with these words: "Our duty is dry, hard, exacting, but it will be more cheerful when, in the future, our self-sacrificing patriotism, in this great crisis, shall have enabled our country to enter upon its new career, without a stain upon its financial honor." The next move of Mr. Sherman towards keeping as near as possible to the gold standard, was, by a most cheering speech already quoted, on a bill to provide ways and means to support the Government, in the Senate, April 9, 1866.

On May 22d of that year, was made a powerful effort to fund the debt of the United States at a lower rate of interest, by issuing the ten-forties, January 27, 1867. Mr. Sherman, with earnestness, and in a speech of remarkable clearness, settled the question of a protective tariff, and urged an increase of revenue from imports, thus bringing the interest down, and the revenue up; looking still to the grand result. December 17th of the same year the debt was \$2,501,265,751.75, as exhibited in a Senate report. Mr. Sherman's plan is always to let the people know exactly how they stand, to make the income as great as possible, without oppressive taxation, and the expenses as light as possible without injury to the service. In February, 1868, another move was made towards funding the debt, at five per cent., when Mr. Sherman made

his noted argument to show that it was possible the five-twenty bonds might be held to be payable in greenbacks, provided no more were issued; but afterwards more *were* issued, and then Mr. Sherman's argument told the other way. On January 27, 1869, Mr. Sherman had a controversy with Senator Morton upon an effort made towards specie payments, by legalizing contracts payable in gold. He showed that specie payments might then have been resumed by increasing the bonded debt \$100,000,000, and the interest \$5,000,000, if the Government and the banks only were concerned; but then it would bear hard on the people to resume, and this he was unwilling to favor. He was not so cruel as some have claimed. He could put off resumption, ardently as he desired it, to spare the people from certain suffering. On the 27th of February, 1869, Mr. Sherman was exceedingly earnest, urging through the Senate a bill to strengthen the public credit, and proposed the following methods: 1. To legalize gold contracts; 2. To set aside \$140,000,000 to redeem the public debt; 3. To tie the fate of the greenbacks to that of the bonds; 4. To authorize free banking. The House bill before the Senate proposed to make all obligations payable in gold, except where it was otherwise specially provided for, and though Mr. Sherman's opinion was that the five-twenties could be paid in greenbacks, from motives of policy he thought it better to say they should be paid in gold. This was advocated and disposed of, to make way for another bill soon to be offered, and another step to be taken towards specie payments.

A month later, February 28, 1870, the untiring and ever-persistent financier addressed the Senate in a long speech upon another bill, looking towards specie payments—"a bill to authorize the refunding and consolidation of the

national debt, to extend banking facilities, and to establish specie payments." This was the purpose. The measures proposed were, the form of bonds into which it was proposed to fund—*i. e.*, of three classes: ten-twenties, fifteen-thirties, and twenty-forties—the necessary agencies to be employed, the reduction and ultimate payment of the debt, and some changes in our banking laws.

After giving the history of successive steps in the operations of a financial character since the beginning of the war, in his remarks on this bill, which have already been narrated in these pages, he proceeds to state some circumstances that have not been noted as yet, and one is remarkable as showing his readiness to acknowledge an error when he makes one, and also how few he makes.

"Now, Mr. President," said Mr. Sherman, "there is no doubt that during and since the war we made some errors, and were guilty of some departures from true financial principles. I say this in all kindness, because I do not mean to evade my share of the responsibility, and I now wish to point out some of those errors. In the fall of 1864, a security of a new character was issued that I think was not authorized by law. I refer to the seven-thirty bonds, which were issued, running three years, with the right, on the part of the holder, at the end of three years, to convert them into five-twenty bonds, payable, principal and interest, in gold. At the time I thought, and I still think, that by a fair construction of the law as it then stood, there was no power in the Secretary of the Treasury to give the holder of those seven-thirties the right to fund them in five-twenty bonds. It was a departure from the financial policy of the Government, to provide only for short loans. The result was, at the close of the war, to continue a loan, bearing six per cent. in gold, for a longer period than was

authorized by law. By referring to the act of June 30, 1864, under which this loan was made, you will see that the option was given to the Secretary of the Treasury to issue either five-twenty bonds or seven-thirty notes. Either of these securities might be issued at his option; but there is no authority in the law of June 30, 1864, allowing their exchange by holders of the notes. The amount of notes issued in the fall of 1864 was only \$700,780,250; all the rest of our indebtedness at that time was in currency securities."

For this, however, Mr. Sherman did not share in the responsibility.

"The next error which affected our financial operations, and affects them now [1870], is the error made after the war was over, by the Secretary, of continuing this form of oppressive securities. After the war was over, and after the last rebel had laid down his arms, there were issued about \$600,000,000 of seven-thirty notes, convertible, at the pleasure of the holder, into five-twenty bonds. There is now no doubt that if, immediately after the war was over, a loan bearing a lower rate of interest, payable in gold—a five per cent. ten-forty bond, for instance—had been put upon the market, all the floating debt of the United States might have been converted into it. On the 1st of March, 1865, when the war was practically at an end, the amount of gold-bearing bonds did not much exceed one billion dollars, and all the rest of our indebtedness was in currency securities. But this was mistaken action. The currency securities were converted into a six per cent. five-twenty bond, and the period of payment was postponed eight years by allowing their conversion at the end of three years."

Nor of this does Mr. Sherman take any part of the responsibility, but of the next he does.

"But, Mr. President, Congress itself was guilty of some errors, and one or two very great omissions in financial legislation, after the war was over. The most unfortunate one was the act of April 12, 1866. By this act Congress authorized the Secretary of the Treasury to fund all the floating indebtedness of the United States, the compound interest notes, the five per cent. notes, the temporary loan certificates, and all the then floating debt, into six per cent. gold bonds, or into any form of bond authorized by previous acts, which covered, as a matter of course, the six per cent. five-twenty bonds. \*

"Thus, by a general sweeping provision contained in this act, was legalized and authorized the conversion of the whole currency debt, except United States notes, into five-twenty bonds, thus swelling largely the five-twenties. Whatever opinion may have been entertained as to the state of our finances in 1865, there can be no doubt that on the 12th of April, 1866, it was not wise, not politic, to fund the debt into a six per cent. bond. The effect of this legislation was at once to sever the bond from the note. All forms of indebtedness except the notes were allowed to be funded into bonds. This at once checked the appreciation of the notes. Gold had greatly lowered in price, till in April, 1866, when this act was passed, it was only worth twenty-five and one-half per cent. premium; but, from the passage of this act, it immediately rose, and in July averaged fifty per cent. For years afterward gold never reached the minimum of twenty-five per cent., but advanced, fluctuating backward and forward. Paper money was then entirely detached from the rest of the debt of the United States, and became of less market value than any

other form of our securities. During the past year, under a different policy, the currency has reached much nearer the par of gold than before. \* \* \* This act, and the failure of Congress to provide any mode for redeeming or retiring the greenbacks, and afterwards the repeal of even the limited authority granted to the Secretary of the Treasury to retire greenbacks, undoubtedly kept our notes depreciated from day to day, fluctuating in value.

"Mr. President, another great error which, I think, we must all admit Congress has been guilty of, is the long delay in passing a bill to provide for the funding of the public debt. There has been no time during the last three years when large masses of the existing debt could not have been funded into five per cent. bonds, and the actual saving by this would have been very large indeed.

"The first funding bill, of April, 1866—five per cent. ten-forty bonds—was defeated by amendments. The second, December, 1867—a five per cent. domestic and four and a half foreign loan—was defeated by the pocket veto of President Johnson, and that of the previous session by innumerable conflicting opinions."

Such is a specimen of some of the difficulties Mr. Sherman had to contend with in his progress towards resumption. In the above is clearly seen the reason of his urging what he conceived to be the legal right to pay five-twentieths in greenbacks, viz: in order to keep them as near to the bonds as possible in value, and, therefore, nearer gold. In this bill was introduced a provision that four per cent. bonds might be paid for in greenbacks. Another difficulty he met was the objection of the national banks. On this bill Mr. Sherman made two speeches, occupying forty-four closely-printed octavo pages, and, besides that, was on the

floor of the Senate, with remarks, explanations, etc., eighty times.

Let any one look through the *Congressional Globe*, and then see if he can say, in his conscience, that it is "a fortuitous concurrence" of circumstances that has enabled Mr. Sherman to bring about resumption. Weary days and anxious nights, hard study and indefatigable work, for nearly nine years already, have been required to prepare the way. When Stevenson built the tubular bridge over the Menai Straits, it may have seemed easy for him to lie on the bank, smoke his cigar, and see the great iron tube, five hundred feet long, prepared for a railroad track, go into its place, but it must have taxed his genius to the utmost to have planned all this beforehand. The difference is, Mr. Stevenson had men to work with that would obey; Mr. Sherman had not.

But we have not reached resumption yet. This funding bill passed July 14, 1870. The great panic of 1873 is to come yet, and nine more years of hard toil, deep study, and earnest talk.

## CHAPTER X.

### PREPARING FOR RESUMPTION.

THE Senate had under consideration a bill from the House to amend an act to provide ways and means to support the Government, and so to extend it as to authorize the Secretary of the Treasury, at his discretion, to receive any Treasury notes, or other obligations issued under any act of Congress, whether bearing interest or not, in exchange for any description of bonds authorized by that act, either in the United States or elsewhere, to such an amount, in such a manner, and at such rates as he may think advisable, for lawful money of the United States, or for any Treasury notes, certificates of indebtedness, etc., the proceeds to be used to retire the Treasury notes, to the amount of \$10,000,000 in six months, and \$4,000,000 per month thereafter. Here Mr. Sherman, by his wise foresight, began to "put up the fence" to avoid a crash. He says:

"If Senators will read the bill, they will find that it confers on the Secretary of the Treasury greater powers than have ever been conferred, since the formation of the Government, upon any Secretary of the Treasury. This bill authorizes the Secretary of the Treasury to sell any kind of bonds, without limit, except as to the rate of interest. It does not limit him to any form of security.

may run for any period within forty years. He may sell the securities at less than par, without limitation as to rate. He may sell them in any form he chooses. He may put them in form of Treasury notes or bonds, the interest payable in gold or in paper money. He may undertake, under the provision of this bill, to fund the whole debt of the United States. The only limit as to the amount is the debt itself, now \$2,700,000,000."

Mr. Sherman could see no necessity for conferring this extraordinary power, and did not think it wise to do so. The precedent would be bad, and changes in revenue might occur that would render it a serious inconvenience. While the House had stipulated that only \$4,000,000 of legal tenders should be destroyed each month, yet there was nothing in the bill to prevent the Secretary of the Treasury from hoarding them, and thus causing a contraction of the circulation, which the House of Representatives intended to prevent. He was inclined to believe that was the Secretary's purpose. This is indicated by the accumulating balances in the Treasury.

Here is a passage in Senator Sherman's remarks on this subject, to which the attention of all parties is especially invited. It shows the spirit of the man, that he knew whereof he spoke, that in this whole scheme of finance he understood himself, his subject, and the country thoroughly. In reading over these remarks made in the Senate one year after the war closed, it seems more like reading the history made on January 1st, 1879, than a prediction.

Mr. Sherman said: "I repeat, I do not wish to call in question the integrity of the Secretary of the Treasury. The Senator interjects, by saying, 'we must look ahead.' There is just the difference between him and me. I say the future for this country is hopeful, buoyant, joyous,

We shall not have to beg of foreign nations, or even of our own people, money within two or three years. Our national debt will be eagerly sought for, I have no doubt. I take a hopeful view of the future. I do not wish now to cripple the industry of the country, by adopting the policy of the Secretary of the Treasury, as he calls it, by reducing the currency, by crippling the operations of the Government, when I think that under the probability of affairs in the future, all this debt will take care of itself. I believe that if the Secretary of the Treasury would do nothing in the world, except simply sit in his chair, meet the accruing indebtedness, and issue his treasury warrants, this debt will take care of itself, and will fund itself at four or five per cent. before long."

The writer believes that many will be surprised to learn that Secretary Sherman said the following, in the United States Senate, on April 6th, 1866:

"In my judgment, the amount of legal tenders now outstanding, is not too much for the present condition of the country. I expect to come back to specie payments, and I expect to see gold approach the level and standard of our paper money, without any material reduction of our currency. Our currency now is less than the currency of England or France, according to the tables we have. Our whole currency now is \$704,000,000, excluding the interest-bearing legal tenders, which do not enter at all into it, and which can not be found, and including bank circulations of every kind. Four hundred and fifty millions of it consist of United States notes and fractional currency. Then there are over \$250,000,000 of bank currency, including the notes of State banks, outstanding, which are being rapidly retired. The limit of the national bank currency is \$300,000,000, so that the whole currency can not

exceed \$750,000,000. I do not consider the compound interest notes as any thing, because they are not in circulation."

Again, he says: "In regard to going back to specie payments, when did ever a nation travel toward specie payment, as rapidly as this country has done, without a reduction of the currency? Here is a significant fact, that when gold was 280, our currency was \$550,000,000; and now, when our currency is over \$700,000,000, gold is 130, and is going down, and down, and no power in this world can prevent its going down. This fact shows that the mere amount of legal tender outstanding does not affect the value of gold."

It may have been no great trick to resume specie payment. Others thought it would be; Mr. Sherman thought and believed it would not. He said so in his speech. This was not made up after resumption, but, according to the *Congressional Globe*, was said in the Senate nearly thirteen years before he could persuade Congress to authorize it. It was either an acute guess, or remarkable prescience. But if it was a guess, it was one of a long procession, and every one has been unerringly verified.

This bill was passed against Mr. Sherman's vote, and when \$44,000,000 legal tenders had been retired, the nation cried, Enough. The law was repealed January 9, 1868, and the Senator triumphed.

In December, 1867, Mr. Sherman, as Chairman of the Finance Committee, made a report on the following subjects referred to them in the President's message:

1. The funding of the public debt, and as an incident to it, the redemption of the five-twenty bonds.
2. The taxation, State and national, of the public securities.

### 3. The redemption and conversion of the United States notes, or legal-tender currency.

This report is alluded to here for the purpose of stating that it is the report of a committee, and not a speech of Mr. Sherman's. It contains an intimation that there is a redundant currency. But Mr. Sherman did not think so.

This report, while it intimates that the five-twenties might be understood to be payable in legal tenders, does not decide the question. But it expresses the opinion of the committee, and not Mr. Sherman. As to the amount of legal tenders desirable for the business of the country, we have seen that he disagreed with the committee. As to how the five-twenty bonds were payable, his view was, that they might be paid in legal tenders if they, the legal tenders, were not to be issued in excess of \$450,000,000.

As in this, Mr. Sherman has been supposed by some to have leaned to the greenback theory, and as it is the purpose of these pages to hide nothing of his course, but to present him just as he is, and as his argument on this subject is a fair specimen of clear, logical reasoning, and shows his readiness to yield to truth and logic, it is here presented. This is due to Mr. Sherman, to prevent a misinterpretation of his views to his disadvantage. Mr. Sherman said:

"Mr. President: The question is, whether the bonds issued since the legal-tender act took effect, may be paid in legal tenders. Upon this question, I may as well state now, the Committee on Finance do not pass any opinion, and in the observations I make on this point, I speak for myself, not for them. They deem the occasion a proper one to offer an exchange to the public creditor, leaving for the future to settle the result of a refusal. The act which provided for the legal tenders, also provided for the five-

twenty bonds. However, the notes were issued before the bonds; the notes were all outstanding before a single bond was issued. Now the legal-tender clause provides that—“such notes herein authorized, shall be receivable in payment of all taxes, internal duties, excises, debts and demands of every kind, due to the United States, except duties on imports, and of all claims and demands against the United States, of every kind whatsoever, except for interest upon bonds and notes, which shall be paid in coin, and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States, except duties on imports and interest as aforesaid.”

“Does not this act in so many words declare that while coin shall be paid for the interest of the public debt, yet the notes provided by this act shall be a lawful tender in payment of all debts?

“It is admitted that if the matter stood on the legal-tender clause, there would be no doubt—there could be no resisting the conclusion—that the legal contract between the Government and the bond-holder was that the interest should be paid in *coin*, and the principal should be paid in the legal-tenders specified by this act.”

There were other provisions of this law which led Mr. Sherman to conclude that it could not have been the expectation of Congress that these bonds should be paid otherwise than in coin. For instance, the issue of legal tenders was restricted to \$150,000,000, which could never have been expected to be enough to redeem \$500,000,000 of bonds.

“But no bonds were issued under this act. Every one of the restrictions as to the amount of legal-tenders was repealed before the bonds were negotiated.” None could be sold.

"After long consideration—for the subject was debated over and over again—the Committee on Finance agreed upon the act of March, 1863. That act repealed the limit as to the amount of circulation, and raised it to \$450,000,000. It also took away the right to convert" (*i. e.*, greenbacks into five-twenties), "which the Secretary said was the other restriction that prevented the sale of the bonds, and limited the right of the holders to convert the outstanding greenbacks to the first of July then next. By this legislation the limitations which prevented the sale of the first five-twenty bonds were repealed, and then, for the first time, this loan was taken. Then it was that an agency was organized, and means were taken to spread the bonds over the country, and they were sold; but they were not sold until these restrictions were removed, and they were sold upon a basis of \$450,000,000 without the right of redemption (conversion?), with no privilege whatever, except that of being receivable for Government taxes. That was the state of the law upon which the legal right of the holders of the five-twenties rests.

"It is true that various agents of the Government stated that these bonds would be paid in coin, and that creates the embarrassment in regard to this matter; that always affected my mind more than any legal difficulty in the way, because I think the nation is not only bound to observe the law, but it is bound to pay a reasonable degree of respect to the representations made at the time these bonds were sold. It is true as a matter of law that no agent could vary the contract, that every man who bought these bonds bought them upon the face of the law, and not upon the mere advertisements of agents. Still every wise legislator would consider the extent of those representations, and how far they affected the public mind.

"Mr. President, I will not follow this matter further, because it is not necessary for my argument that I should do so; but I submit to Senators whether the presentation of the law and the facts in regard to the five-twenty loan does not raise a reasonable doubt upon which honest men may disagree. All that is necessary for my argument, is to show that there is such a doubt as to the manner of paying these bonds. If such doubt exists, it ought to be removed, or some other bond substituted, in order that this unsettled question may not poison the public credit."

The law proposed by the Committee was a compromise to remove this doubt. To offer ten-forty bonds at five per cent., payable, principal and interest, in coin, exempt from taxation; to provide for sinking the public debt \$135,000,000 a year; to receive six per cent. five-twenties for the ten-forties, and provide for the conversion of greenbacks into five per cents, until resumption should take place.

There were various reasons why Mr. Sherman should have made this speech at that time without imputing to him any disposition to pander to the greenback furor.

1. It was desirable that holders of five-twenties should understand precisely how doubtful their claim to be paid in coin might be, in order to induce them voluntarily to exchange them for ten-forties, as well as for greenbacks.

2. It was important to allay in the public mind any irritation, or envy that might exist, against the holders of the six per cent. bonds, as receiving an exorbitant interest, above what others could get.

3. It was important to squelch at once the rising clamor for an unlimited issue of greenbacks.

The following will show the manner in which the favorers of an unlimited issue of legal tenders were met:

"The second mode of paying off the five-twenty bonds is proposed by partisans, and consists in a new issue of greenbacks. This is a plausible and dangerous device. No man can justify it. Why? Because the very acts under which these bonds were issued contain limitations which we can not and dare not exceed. These limitations were put in every loan act, and finally embodied in a guaranty, in the act of June 30, 1864, to which I will now refer. The limitation contained in the last preceding act, that of March 3, 1863, in force when the five-twenties were negotiated, was \$450,000,000. The act of June 30, 1864, modified and repeated this limitation as follows:

"Nor shall the total amount of United States notes issued or to be issued ever exceed \$400,000,000, and such additional sum, not exceeding \$50,000,000, as may be temporarily required for the redemption of the temporary loan."

"This limitation upon the amount of greenbacks was always a part of the loan laws, and why? Because the amount of these notes issued, would regulate and fix the value of the bonds themselves. In all the loan acts, therefore, the amount of greenbacks issued from time to time was limited by law, and that limitation was a part of the contract under which the bonds were issued, and hence any proposition which looks to an increase of the legal tenders, with a view, by this increase, to pay off the five-twenties, would be a plain and palpable violation of a public engagement. Just as much as would be a clipping of the coin, or, to follow the example of the middle ages, a debasement of the coin. Every additional greenback issued tends to depreciate the value of the security, and, therefore, as the law itself limits the amount, it must be complied with whatever is the consequence.

"I take it, then, that no proposition will ever receive the sanction of Congress in the face of this law, providing that the five-twenties shall be redeemed *with any other notes than those in existence at the time they were sold*; that any proposition of that kind would be dishonorable to the country, and dishonorable to any one who seriously proposed and advocated it. It would be to create a depreciated currency in order to evade the payment of an honest debt."

Here is not a syllable of pandering to those who would issue dishonest money. Mr. Sherman believed that the five-twenties were payable in legal tenders *already issued*, and was not afraid to say so, and it was right for the holders to know his views. Of such an amount of greenbacks, Mr. Sherman was not afraid, for he had said two years before, they were as good as gold, which was realized eleven years later.

N. B. It appears from the Cincinnati *Gazette*, of October 2, 1879, that opponents are still quoting Mr. Sherman's argument, that five-twenties are payable in legal tenders, and by the friendly remarks of that paper it would seem that his position is but partially understood:

1. Mr. Sherman never voted for any proposition to pay the five-twenties in greenbacks, but always the reverse.
2. One motive in expressing his views was to give the bond holder notice that if the matter were to come into court, the demand for coin might not be sustained.
3. Another reason was to keep up, as much as possible, the value of the legal tenders, and, if practicable, to keep them even with the bonds.
4. It is quite probable, if the provision to convert legal tenders into five twenties had been restored after the war, he might have so voted, but its repeal had so distanced the

value of the bonds and the legal tenders, that he did not deem it just to insist on his views.

5. Mr. Sherman always considered the legal tenders as due and payable in coin, before any of the bonds should be paid. The five-twenty bonds were a loan on interest, and the Government was allowed twenty years to pay them in; but the greenbacks were a forced loan, without interest, payable in coin on *demand*. He therefore considered that in law, and equity, and honor, we were bound to pay the first.

6. It is said Mr. Sherman changed his opinion. But when? Just as soon as the Government issued a dollar in legal tenders beyond the stipulated \$450,000,000. He then considered the covenant violated, and all payable in coin; and this is just what he has done. He never favored paying the bonds in depreciated paper.

## CHAPTER XI.

### REVENUES AND EXPENSES.

AT the very time that Mr. Sherman was so devoting his energies to the matter of reducing expenses, as to excite wonder how the man could accomplish so much, even if he had but one line of thought to pursue, one subject to study, one end to accomplish, he was dealing heavy blows at the other side of our mountain of debt. While he was trying to reduce the people's burden, by lightening the debt, he was laboring to accomplish the same thing, by reducing the taxes. One thing in him is peculiar, but very satisfactory. In the time of President Buchanan, when the nation was running in debt at the rate of about \$16,000,000 a year for current expenses, it was rarely stated. But Mr. Sherman, ever since he was at the head of the Committee of Ways and Means, has not failed again and again to tell us how much we owe, how much we have paid, and how much must be paid in a given time, and how much there is to do it with.

Hence, on the 23d of May, 1870, while the herculean labors of the funding bill were on his mind and on his heart, we find him reviewing receipts and expenditures, in order to a reduction of taxes. The people of this country scarcely realize how much they are indebted to Mr. Sherman for accomplishing so much in the way of reducing

taxes previous to the panic of 1873. But his own words will explain it better than the compiler can.

The Senate, as in Committee of the Whole, having under consideration the bill making appropriations for the legislative, executive, and judicial expenses for the year ending June 30, 1871, Mr. Sherman said:

"Mr. President: This appropriation bill is the first of a series that will bring before us every branch of the expenditures of the National Government. It may be well before we enter into their details to take a general view of our expenditures, and of such measures of taxation as will be necessary to raise the vast sums about to be appropriated. Taxes and appropriations are inseparably associated. They are the painful and the pleasing sides of financial legislation. If to appropriate was the 'be-all and end-all' of this and kindred bills, it would be the most gratifying employment in the world. We could indulge in the luxuries of art and the fancies of statesmanship; we could erect temples for custom-houses, and cover the ocean with our subsidized steamers; we could increase our salaries, and buy all the islands contiguous to our continent. But, unfortunately, we can only appropriate what we first collect by taxation; and taxation is a painful process at best in its nature, unequal, and generally inflicting more injury upon the individual than it confers benefit upon the people. Every appropriation bill is a tax bill, and every item added is a draft upon the earnings and labor of our citizens, to which is superadded the cost of collection. If the money is borrowed, then interest is added, and interest is as consuming to the resources of a nation as to those of an individual. It never rests nor sleeps."

Upon the above passage it may be remarked, that as to style it is a somewhat higher flight than the Secretary

usually takes, and shows that if the energies of his capacious intellect, the unerring precision of his retentive memory, the ceaseless activity of his untiring frame, and the relentless power of his unbending will had been directed to other branches, as they have been to finance, he might have achieved equal distinction. But then, where has there been, in all the ages past, one that could have devised schemes, or selected from those suggested by others, such as were feasible, and so instructed and controlled the heterogeneous minds of the representatives of forty millions of people as to carry them into effect? There have been many eminent statesmen, men of science and art, orators and poets, but only one John Sherman the financier.

Another remark may be made on this paragraph. It manifests a habit of looking at both sides of a question. There must be money enough collected to pay all that is due, and as fast as due it must be expended as economically and wisely as possible, and collected as judiciously as might be, so as to make the burdens as light as might be. Therefore he must keep both eyes open, one upon the gathering of money and the other upon paying it out. These thoughts also show the humanity and tenderness of the man. This evidently is not from the apprehension of unpopularity at home, and of losing votes thereby if the taxation should be greater than would be needed, but simply a regard for the feelings of the people. He knows that the pocket nerve is a very sensitive one, and he dislikes to disturb it. Mr. Sherman is no actor, does not say one thing and mean another, but says and acts out just what he feels, as he did when he threw the wafers in the Congressman's face, or else keeps it to himself; commonly the latter. It is not strange that he should *feel* the sym-

pathy expressed here, but it is not usual for him to *say* what he feels.

The main purpose of this statement is to let the people know precisely what has to be done, that as far as practicable they may be willing to do it. He states first the estimates made for the year 1871-72, which it is well for us to keep in memory:

Civil service and miscellaneous . . .	\$ 60,000,000
Pensions and Indians . . . .	36,000,000
War Department . . . .	50,000,000
Navy Department . . . .	18,000,000
Interest on public debt . . . .	127,000,000
<hr/>	
Total . . . . .	\$291,000,000

Add to this the one per cent. required for the sinking fund, it is \$315,000,000. He then takes a careful view, both of the estimates and expenditures, and of the sources of revenue, and says that the revenue for the next year will be \$393,000,000, that is \$78,000,000 above the needs of the Government, and also: "What shall be done with this surplus? Is it better to repeal and diminish the taxes or to maintain them at their present position, with a view to the reduction of the public debt?"

"I see no object," he says, "in accumulating surplus funds, because they are always a temptation to extravagant expenditures.

"A surplus revenue could only be used for a more rapid reduction of the public debt. It might strengthen the power of the Secretary of the Treasury to reduce the interest of the debt. These are objects of high public importance, but, in my opinion, it is now more important to relieve our people from burdensome taxation. The money

is more valuable to the tax-payers, in the multiplied business of a new and vast country like ours, than it is to the National Government. The large surplus now on hand, together with the fixed provision for the reduction of the debt, contained in the funding bill, will enable us to reduce the rate of interest, and gradually pay the principal, without continuing the drain of taxation upon our people. We point with pride to the vast sums they have freely and voluntarily paid, levied by themselves during and since the war. They have borne not only with patience, but with patriotic alacrity, a burden of taxation without an example in history."

Then Mr. Sherman recounts the reductions that have been made in taxes since the close of the war, viz:

In 1866	.....	\$ 65,000,000
In 1867	.....	40,000,000
In 1868	.....	68,000,000
And now proposes additional	.....	78,000,000
<hr/>		
Total	.....	\$251,000,000

Mr. Sherman's idea about the levy of the tax is, that it must come mainly from import duties, and from internal revenue, and he would abolish all but the tax on spirits, tobacco, fermented liquors, larger stamps, and a small income tax. The main part of his argument, at this time, was to retain the income tax, as being the only tax the United States will now levy upon property, the rest being on consumption.

An interesting discussion took place in the Senate January 1, 1871, in which Mr. Sherman participated, that has since become of considerable interest in the matter of civil service reform. Senator Trumbull offered a motion, which

was referred to the Judiciary Committee, and an act, reported as follows:

That hereafter it shall be unlawful for any member of either House of Congress, or Delegate from a Territory, verbally or in writing, to solicit, recommend or advise the President of the United States, or any head of a Department, or of any bureau thereof, to appoint any person to office or employment, etc.

Mr. Sherman said: "I have thought a good deal of this bill since it was under discussion at the last session of Congress. At first my impressions were against it, simply on the ground that it changed the established customs of the country, since the foundation of the Government; but the more I have reflected upon it, the more I see that it is necessary, not only to relieve ourselves, but to relieve the President from the embarrassment of his position. . . .

"I have regarded this measure for the last year, as being not a complete civil service reform in itself, but as being an entering wedge, indispensably necessary to bring about civil service reform."

Mr. Morton opposed it as being unconstitutional. Mr. Conkling also opposed it. The result of this discussion was, the introduction, by Senator Schurz, of a bill for civil service reform. This bill, if after it had passed it could have been enforced, would have done a vast deal toward reducing the public burdens. If a man once appointed to office could hold it during good behavior, he could afford to do it for one-half the pay at most, that is now given, and would be less likely to be dishonest. Men on small incomes are less likely to commit fraud than on large. There would also be much less time spent in office-seeking, less corruption at elections, and office-holding would be much more honorable than now. A thorough-going civil

service reform would save to the people of this country vast amounts of money, and a great many other things. Frequent changes render high salaries necessary, and high salaries cause a universal scramble for office. Let reform come speedily.

On January 9, 1871, the subject of revising the laws relating to the mints, assay offices, and coinage of the United States, being before the Senate as in committee of the whole, on amendment of the Committee on Finance, it was proposed to charge three-tenths of one per cent. for coinage. This was two-tenths lower than Mr. Sherman preferred, but without this he would not vote for the bill. He was unwilling to vote for free coinage while the people would have the same money to pay in other forms of taxation. Mr. Sherman comes right to the point and says: "We do not carry people's letters for nothing, although that would be a convenience, and would increase the number of letters to be carried. We do not coin silver for nothing; on the contrary, we get a profit of about two per cent. (now fifteen per cent.), and on the nickel coinage we get a much larger profit. We do not propose to do any thing for private citizens unless we are reimbursed for the expenses, and there is no justice, no propriety in taxing the farmers of the United States, or the merchants of the United States, or the people of the United States generally, for this expense of one hundred or one hundred and fifty thousand dollars for maintaining our mints, merely for the purpose of giving a fancied benefit to the diggers of gold in California." He thought the result of the abolition of this charge would be to force all the gold of California into the mint to be coined, without adding a particle to its value for exportation or use. In this, as in every speech and vote, Mr. Sherman is for doing justice to the individual,

and saving money to the Treasury; all to help on toward resumption.

#### INCOME TAX.

In the Senate, January 25, 1871, a bill was considered to repeal the income tax, which had been continued by the act of July 14, 1870. This aroused, again, all Mr. Sherman's energy. Here his favorite project of early resumption, light taxes, and reduction of the debt was seriously threatened. This was a tax on all incomes over \$2,000, of two and a half per cent. To show that he was no favorer of aristocracy, but thoroughly republican, note the following remark upon this bill:

"The proposed repeal of the income tax necessarily involves the consideration of our whole financial system, and can not be hurried through upon the interested clamor of the comparatively few persons affected by it. Nothing is more pleasing than to repeal taxes, and it would be easy to show that the repeal of any tax now levied would give relief. The income tax is now levied only upon those whose good fortune it is to enjoy large property, or whose salaries or profits lift them far above the pressing wants that rest upon the great mass of our people. The possession of large property, and the ability to earn large incomes, give to those enjoying this income great influence over public opinion. They speak through the daily press, from high official stations, from great corporations, from cities where wealth accumulates, and with the advantage of social, personal, and delegated influence. I know the power of this influence."

Mr. Sherman was in favor of continuing this tax, because it is a tax, and the only one, levied on *property*. It bears upon those best able to sustain it, and it is a method

of reaching those whose income arises from United States bonds. He proposes to demonstrate these propositions:

1. It is unwise to disturb the measures of the last session.
2. Our revenues and expenses will not justify it.
3. It will require a revision of our whole system of finance.
4. "The repeal of this tax will affect injuriously the higher objects, namely, the funding of the public debt and the resumption of specie payments."

Any thing that interfered with this last grand aim of the Chairman of the Finance Committee, awakened every nerve in his body, and all the energies of his soul. Not to sink the public debt, as the law required, "would depreciate national credit, would interfere with the sale of bonds at a lower interest, and prevent or take away the ability to procure gold with which to resume. To take off this tax will make it necessary to levy it somewhere else, which there is not time to do now, without injustice somewhere." It was asserted that there was gold enough in the Treasury, more than was needed, to supply this deficiency. Mr. Sherman thought there was little enough for the purposes he had in view. A few years afterwards, a member of Congress would not believe he had so much till he went and examined. So Mr. Sherman was compelled to argue one way at one time, and another way at another time, according to facts and circumstances.

March 15, 1872, a bill came from the House of Representatives to the Senate to repeal the duty on salt. This was largely mixed up with the political agitation that preceded the Presidential election that year. Mr. Sherman regretted that a purely business matter should have become thus mixed, and proceeded to give some judicious

rules and wise maxims for the imposition and non-imposition of duties. Such were the increasing revenues of the nation, the improvement of credit, and the diminution of interest on the debt by refunding, that a reduction of taxes was admissible. The question whether bonds are payable in gold or not, is superseded by the fact that they are equal to gold. The legitimate wants of a growing nation, like ours, are constantly increasing, but then the revenues are increasing, and that, too, without an increase of duty.

"The effect of repealing and reducing taxes is often overestimated, lower duty often bringing increased revenue. From 1868 to 1871 the receipts from customs increased \$42,000,000, being an annual increase of nearly \$14,000,000, while custom duties were repealed which yielded \$20,000,000 per annum."

Here, in this speech, is the first distant rumbling of the financial storm that was to burst upon the nation the following year. Mr. Sherman said:

"If the rate of duties received during the eight months of the current fiscal year shall continue for the next four months, which months are equally favorable for the importation of goods, the actual receipts for the current year will not be less than two hundred and twenty odd million dollars; and, making the ordinary allowance for an increase, the same duties will, during the next year, **UNLESS WE HAVE A FINANCIAL REVULSION**, produce not less than \$226,000,000, instead of \$212,000,000." But that revolution came.

Mr. Sherman states an interesting and important fact in the following words:

"Our protective system has drawn to our country a vast array of industrious laborers. Even the high taxes we have been compelled to impose on domestic industry have

not diminished our production, for they are accompanied by increased taxes on foreign products. We may theorize as we will, but the actual condition of the country is the best evidence that the industrial policy, steadily maintained by us during the war and since the war, has been consistent with the most rapid progress, has enabled us to meet unexampled difficulties, and yet has increased our imports, our exports, and our revenue.

"The imports in 1869 were \$414,000,000; in 1870, \$452,000,000; and in 1871, \$518,000,000. Our exports the same years were \$413,000,000, \$499,000,000, and \$552,000,000. These figures show a steady increase in our foreign commerce, with a growing balance of trade in our favor.

"If, then, the wisdom of our protective policy is to be tested by experience, I insist that it is proved to have been a wise policy, in the actual condition of our country."

Here follows an emphatic element in Mr. Sherman's creed about protection:

"Our taxes must be reduced to correspond with the reduced wants of the public service. But every industry that has been called into existence by our policy, should be considered in any reduction of duties. I hope, then," says Mr. Sherman, "in making the reduction of our revenue, we will all agree that it shall be so done as to give the greatest measure of relief, and do the least possible injury to any industry fostered by our laws."

Mr. Sherman gives another thrust at the opponents of the income tax. "The public mind," he says, "is not yet prepared to apply the only key to a genuine revenue reform. A few years of further experience will convince the body of our people that a system of national taxes, which rests the whole burden of taxation on consumption, and

not one cent on property or income, is intrinsically unjust. While the expenses of the National Government are largely caused by the protection of property, it is but right to require property to contribute to their payment. It will not do to say that each person consumes in proportion to his means. "This is not true."

Mr. Sherman's tariff and revenue principles appear at this time to have been expressed about as follows:

1. Dispense with internal revenue, except from whisky, tobacco, and beer.
2. Duties on imports only for needed revenue.
3. To be levied where they will do the most good and the least harm.
4. To be levied on articles we can produce, not on others, unless it be to exclude them.

These are substantially the same as before stated—the same that were accepted by the Whigs in 1848—and they certainly do honor to Mr. Sherman, as to head and heart.

"A revenue tariff is inconsistent with the extreme theories of both the free-trade and protection schools."

"The maxims of one nation in fixing the rates of duty are totally inapplicable to another." The Whig doctrine of 1848, precisely.

"It is settled that our national revenue must, in the future, as in the past, be mainly collected by duties on imported goods, and as the war has enormously increased our wants, we may as well dismiss to future generations the extreme ideas of free trade and protection, which are alike inconsistent with a revenue tariff."

The next snag which Mr. Sherman encountered in his efforts for resumption, was the claims for French spoliation, prior to 1800, which was speedily removed, in the way previously noticed, in December, 1872.

## RE-ISSUE OF NOTES.

On January 14, 1873, appeared in Congress, evidence of another and more alarming premonition of the terrible panic of September, 1873. This intimation appeared in the persistent pressure upon the Government for more greenbacks. Expansion and inflation had reached their limit, and the bubble must burst unless the Government should forfeit its covenant with the bond-holders, and issue more legal tenders. Evidently, a strong influence had been brought to bear upon the Senate, and at the above date, Mr. Sherman, from the Committee on Finance, made the following report. That committee, in obedience to the resolution of the Senate, made the inquiry as to the legality of issuing legal tenders in place of the forty-four million dollars of notes retired and cancelled under the law of April 12, 1866. The committee reported the following resolution:

*Resolved*, That in the opinion of the Senate, the Secretary of the Treasury has not the power, under the existing law, to issue notes for any portion of the forty-four millions of the United States notes, retired and cancelled."

So this snag appeared to be removed for the present. But the struggle is far from being ended yet. An effort was made to throw upon the Government the responsibility and the cost of re-coining abraded gold coins, and keeping them up to the standard. To this, Mr. Sherman objected as being an unprecedented burden on the treasury. He says: "Neither the Government of the United States, nor any other nation in the world undertakes to make coins good except for their intrinsic value." On the coinage charge for gold, he says: "It has not been, and ought not to be, repealed."

## CHAPTER XII.

### THE PANIC.

On the 16th of January, 1873, an act was proposed by the Committee on Finance, and earnestly advocated by Mr. Sherman, supplemental to the acts of January, 1864, to secure an elastic currency, to appreciate the national obligations, and to reach specie payments. The committee propose free banking, and qualified specie payments, after the first of January next. That would be in 1874.

He first presented the importance of specie payments to the business of the country. Then the obligations we are under to pay at the earliest practical period. Every note has on its face the agreement to pay. The Supreme Court so decides. Not only so; it is policy to pay. The honor of the country demands it. The chief requisite is, that the public should have confidence in our ability to maintain resumption, and the coin will rarely be required. This confidence, he thought, could be produced by one of three expedients:

1st. A large reserve of coin; 2d. The authority to sell bonds for coin; and, 3d. Alternative redemption in either coin or bonds.

He then mentions several schemes, which he deems practicable, to bring it about: 1st. To receive legal tenders for bonds; 2d. For duties; 3d. Exchange them for compound-

interest notes; 4th. Fix a day for resumption; 5th. A graduated scale of resumption.

On the 17th of January, 1874, just one year later, the same subject was before the Senate for consideration. But what a change had one year brought about! A financial tornado had swept through the land, from the lakes to the gulf, and from the Atlantic to the Pacific. Business of every kind became stagnant; demand for manufactures ceased; merchants failed; banks broke, and all commercial credit seemed to be at an end. The diminution of business made it necessary to reduce wages. That caused strikes among workmen, and these led finally to a wide-extended riot. It was soon quelled, however, and after a long depression, better times began to dawn. Six years and four months it may properly be said to have lasted, and ended, in fact, with the resumption of specie payments in 1879. Before that time, however, Mr. Sherman has the battle to fight over again. The first of January, 1874, was the time Mr. Sherman had fixed in his own mind for resumption, and but for the panic, it would probably have been reached then. But that revulsion deferred it five years longer. Business lagged; revenue—both internal revenue and import duties—fell off; the \$11,000,000 retired legal tenders were re-issued, in part, in violation of law, which destroyed confidence in the Government more than it aided the people, and for years a pall of gloom hung over the future.

Still our financier was game. Difficulties in his way were not new. He had learned to bear the yoke even in childhood, and here at this date rises in the Senate to speak on "the bill to provide free banking, to secure an elastic currency, to appreciate national obligations, and to reach specie payments, without commercial embarrassment."

He begins with the announcement of the great axioms of political economy, and it is repeated here that it may be impressed upon the memories of all who read this sketch. In truth, the leading purpose of this book is, in as small a compass as possible, to impress upon the minds of our youth the lessons of wisdom which our financier is so competent to teach. This is one reason for putting down so much of it in his own words.

"The most obvious of these axioms," he says, "and one which lies at the foundation of the argument I wish to make to-day, is that a specie standard is the best, and only true standard of all values, recognized as such by all civilized nations of our generation, and established as such by the experience of all commercial nations that have existed from the earliest periods of recorded time.

"It is idle for us to try to discuss, with intelligence, the currency question, until we are impressed with the truth, the universality, and the immutability of this axiom. Every man must have his trade, and needs some things he can not make, and must have something convenient to exchange for it. Paper, in various forms, may be used, but takes its value from being convertible into gold and silver, as being of intrinsic value, durable, divisible, easily transported, of universal use, and of the same qualities wherever found.

"Formerly specie was the chief medium of exchange, but now, from the use of checks, drafts, and notes, it forms a small part of it; in this country about five per cent., in England two per cent., but it always measures the value of these expedients for exchange. Credit money often becomes worthless when it is not backed by specie, or other property that will bring it; but where a Govern-

ment undertakes to supply paper money, it is bound to make it good."

The argument put forth in the Senate, January 16, 1874, is certainly the most powerful of any he ever made, up to that time. Powerful because it was an overwhelming appeal to the most authoritative element in man's constitution—namely, to the conscience—and the solemn obligations to observe the national compact to redeem the green-backs in gold:

"Mr. President," he says, "thus far my remarks are founded upon the experience of ages, applicable to all countries, and to all commercial nations of our time. I present them now as axioms of universal recognition. And yet I have heard these axioms denounced in this Senate as 'platitudes,' useless for this discussion in the Senate of the United States. The wisdom of ages, the experience of three thousand years, the writings of political economists, are whistled down the wind, as if we in this Senate were wiser than all who have reasoned, and thought, and legislated upon financial problems,—as if all this accumulated wisdom consisted of 'platitudes' unworthy to influence an American Senate in the consideration of the affairs of our day and generation."

This paragraph marks out the foe, or rather the myriads of foes, that he had to deal with. But that man standing there on the floor of the Senate, backed by the wisdom of ages, by the eternal laws of right and wrong, the obligation of solemn national compacts, and the momentous responsibility of nations to do what they promised to do, when they have the power, is stronger than they all. The result has been proved that he was, just as the result showed that David was more than a match for Goliath.

Mr. Sherman states his purpose to be "to prove that we

are bound by public faith, and by good policy, to bring our currency to the gold standard; that such a result was provided for by the financial policy when the currency was authorized; that a departure from this policy was made after the war was over, and after the necessity for a depreciated currency ceased; and that we have only to restore the old feeling to bring us safely, surely, and easily to a specie standard."

He appeals first to the pledge of the United States, in March, 1869, in these words:

"And the United States also solemnly pledges its public faith to provide, at the earliest practicable period, for the redemption of the United States notes in coin."

He refers to the circumstances under which this pledge was made. The whole subject, the condition of the currency, the obligation of our bond, the nature of our promises, had been discussed before the people, and the result was that those who believed that the bonds and notes should be paid in coin, prevailed, and General Grant was elected. On the eastern portico of the capitol, on the 4th of March, 1869, he said: "To protect the national honor, every dollar of Government indebtedness should be paid in gold, unless otherwise expressly stipulated in the contract."

Congress then passed the act to strengthen the public credit, making the above pledge. "The day that pledge was made United States notes were worth 75½ cents in New York—*i. e.*, the premium on gold was 32 per cent. In one year they were within 12 per cent. of par with gold. In one year our paper improved from 75 to 89 cents in value. Such was the effect of a promise.

"But how have we redeemed this promise? It was made in obedience to the public voice, but how has it been kept? Congress has done," says Mr. Sherman, "no single

act the tendency of which has been to advance." Congress made this promise five years ago. It was believed. Since that four years elapsed the value of greenbacks is the same as one year after, and "no act of yours has tended to advance the value of the greenback, but the contrary."

Mr. Sherman's complaint was that we had paid \$400,000,000 of the public debt that was *not* due, and had not paid a single dollar of the debt that *was* due March, 1869; and it cost \$40,000,000 to pay that in premiums, while the debts due had increased faster than the population.

"I am not here," he says, "to find fault with individuals, but I do say that the Congress of the United States has not done what it ought to redeem its pledge. Why, sir, at this very moment we are living in violation of this pledge." On June 30, 1869, there were \$356,000,000 of greenbacks

all the law allowed. On the first of this month \$378,489,339, over \$22,000,000 unlawful currency, and now, the 16th, has increased at the rate of \$400,000 a day. The fractional currency had increased over twenty-one millions, national bank circulation had increased thirty-nine millions, in all an increase of legal tenders of nearly eighty-three millions, and still going on by the issue of the forty-four millions, and yet, he says, "there is a cry for more, more. Congress has failed to keep in view what it promised, viz., to redeem in coin. It has violated its pledge."

Mr. Morton had urged that the increase of circulation had been attended with great improvement. Mr. Sherman said, "If we can not pay in times of prosperity, and do as we promised, can we in times of adversity?" and argued that "at any time steps could have been taken toward doing the thing promised, and now, under a panic, when debts are greatly diminished, is a favorable time for entering by decisive measures upon the policy of resump-

tion." Mr. Sherman employs irony sometimes, as follows: "I suppose, according to the Senator's ideas, we are to issue more paper money, make more good times, start the ball of inflation, with a view that some time, may be, in the dim future, we will undertake to perform our promise.

"But let us come to the specific question of the *time* for resumption. Shall the redemption of this pledge be postponed until the public debt is paid? Why, sir, one-tenth of the money we have used to pay the public debt *not* due, would have brought us to the specie standard." Mr. Sherman then thought it not necessary to reduce the circulation of greenbacks below three hundred millions, and gave it as the opinion of many business men, that if assured that the Government would be able to pay and continue to pay gold, very little would be called for, and says that \$56,000,000 that we have paid of the debt not due, would have brought the remaining greenbacks up to par in gold.

He proceeds to show the futility of waiting till we have accumulated gold enough to redeem the notes; of waiting for the balance of trade, and makes this eloquent appeal, which is a solemn and serious lesson to any nation or individual that owes a debt past due, or has made a promise and not fulfilled it:

"Sir, there is no time unfit to fulfill a sacred obligation, and there has been no day since this obligation was declared by Congress, when we should not have directed our attention toward redeeming it. You have buried your talent, and are an unfaithful steward. I ask the honorable Senator from Indiana what single act of Congress since this pledge was made has even tended toward specie payments? Not one." Mr. Sherman urges the importance of fixing the time, compliments the American people upon their

fidelity to the bond-holder, and counsels them to be as faithful to the note-holder.

After thus showing that covenant obligations required the Government to hasten resumption with all possible speed, and that it had shamefully and faithlessly violated its pledge, he proceeds to the argument, of less force with some, but greater with others, that it is policy to do so, and was a policy upon which they were adopted. The very foundation of the greenback was coin. It was by law equal to coin for all purposes, except to pay import duties and interest on bonds. These two were the only exceptions as to the use of the greenback. At first they were even convertible into bonds, but under the terrible pressure of war, this right was taken away. This Mr. Sherman regards as a mistake in which he shares the responsibility, but to this imputes the difficulty of returning to specie payments.

He then proceeds to note the objections:

"1. It will be burdensome to debtors—an objection well taken, but, then, debts are less than they were.

"2. We will have to pay interest on a portion of the debt drawing no interest. True, but if we owe it, we ought to pay interest on it.

"3. The United States notes will be withdrawn, and give place to national bank currency. That would be infinitely better than the old State bank system.

"4. It will contract the currency." Mr. Sherman did not think it would contract, but asks with great force, "Is it contraction to pay a note when it is due?"

"When they" (the people) "find out that contraction means good money, convertible money, greenbacks convertible into gold, they will sound hallelujahs in favor of that kind of money."

Mr. Sherman closed this speech thus: "Sir, I have been many years here and in the other house, through long and troublesome controversies, during peace and war, and I, for one, desire to see the work of our generation crowned by the greatest civic triumphs, the fulfillment of every promise, and to behold the nation free from all dishonor, its promises good, its credit untarnished, and its wealth and power increasing and expanding."

On the 13th of May, 1874, a bill was brought in by the Finance Committee, on which Mr. Sherman spoke. The central idea of the bill was *free banking*. It may be of interest to the reader to learn in a few words what Mr. Sherman's idea was at that time upon banking. Wherever the word *free* occurs, or can be introduced with a due regard to public welfare and the rights of others, he is in favor of it. He is not in favor of free bulldozing, nor free ballot-box stuffing, nor any kind of freedom that harms others; but he is in favor of all just liberty. He and his family for ten generations back have been for liberty and against oppression. Ever since he went to Kansas on the committee to investigate violence there, he has been in favor of free soil, free men, free schools, and a free press. But there is one principle that is dearer to him than liberty, and that is obedience to the law, keeping covenants, and observing treaties and contracts. He is, strictly speaking, in favor of free trade; *i. e.*, he would lay no tax, except for *needed* revenue, unless it were to prohibit certain articles from being imported, or to develop some new industry in the country. But when a tax *must* be levied, he would have it laid where it would do the least harm and the most good possible. Such was the reformed Whig doctrine in 1848, and it is one that it would be well for all the world to practice.

Mr. Sherman is now in the Senate advocating free banking. He says: "If the business of banking were confined simply to contracts of loan and exchange, there could be no objection to free banking. But the term banking, in common parlance, includes the power to issue circulating notes, to be used as money. This power is in no proper sense essential to the business of banking. If I had my way I would grant it to no State corporation and to no individual, but confine it solely to the United States, and use it merely to facilitate domestic exchanges, and only to use an amount that could at any time be converted into coin at the will of the holder. Such, I believe, was the design of the framers of the Constitution, who, fresh from the disasters caused by paper money, desired to cut up, and supposed they had cut up, this evil by the roots. The prohibition upon the issue of bills of credit by the States, fairly construed, prohibits the issue of paper money by a State, or by any corporation authorized by a State.

"If we were now in a condition to deal with this question solely upon principle, I would gladly join in prohibiting all paper money except such as might be issued by the United States, at coin values, and redeemable in coin only. But, sir, we know that we must deal with this question as practical men."

Mr. Sherman is always practical. "As banking, and the issue of bank paper as money, has been so long practised, it has become a matter of habit, and, therefore, a necessity. Now, there are nearly two thousand banks, authorized to issue \$351,000,000 of paper money. The bill before the Senate proposed, on certain conditions, to repeal that restriction."

Mr. Sherman first noticed the objection to free banking without coin redemption, but that soon passed away.

The second objection noted is, that "the business of issuing paper money is a Government franchise, and the Government should have the profit of it." True; but this is found to be "extremely inconvenient," and the Government can not always supply the want. It can only pay out money on its dues, but can not supply borrowers.

It is said the Government loses money by not issuing its own notes instead of bank circulation; but the national banks are taxed enough to more than make up for all this. It would also impose on the Government the cost of redeeming these notes, which would be immense.

Were the United States to issue all the notes, there would be no possibility of distributing banking capital. So that for the Government to issue its own notes and do its own banking would not be practicable. On the whole, Mr. Sherman is of the opinion that our mixed system of national banks, and Government issues, the former based upon bonds of the United States, redeemable in greenbacks or coin, and the latter always in coin, is the best that can be framed.

The two kinds of circulation are alike in some respects. They are both printed by the Government, and, therefore, one is no more likely to be counterfeited than the other. They are both equally well secured, and are both of uniform value throughout the country.

When the national bank system was adopted, it was understood that as soon as the bonds should be on a par with gold, those banks themselves would redeem all these notes, as well as their own. This was a great argument in their favor; and now, Mr. Sherman says, if the national banks are not to redeem their issues, let them fall.

"An advantage of free banking is, that it repeals the monopoly of banking. It is a great advantage to our

system of currency, to abolish all monopolies, and to put all people upon the same footing." The remaining remarks on this bill go to show that the main purpose and aim of the free banking proposition was to stimulate and furnish motives for urging on specie payments. One provision of it was, that for every million dollars issued, half a million greenbacks should be retired. This would appreciate the United States notes, and tend to specie payments.

It is perfectly surprising to witness the shrewd turns and ingenious plans of Senator Sherman to compel the United States to be honest and honorable enough to pay its debts, as it had promised.

## CHAPTER XIII.

### THE RESUMPTION ACT.

IN every great event that has a beginning, a progress and ending, there is somewhere a crisis. This is particularly the case in fevers and some other disorders, whether individual or national. One great disorder of the American nation has been the institution of slavery, and its crisis was the great rebellion. As this disease affected the whole body politic in all its essential elements, the family, the school, the guild, the church, and the State, and every department of each, there are, of course, various crises at various times. The military crisis of the rebellion was, doubtless at Gettysburg; the moral and civil crisis was when the colored man was made equal to the white man as to pay in the army; and the true and healthful crisis in the finances of the country was when the resumption act was passed, fixing the time of specie payments. Mr. Sherman himself regarded this as the longest and severest conflict during his whole time of twenty-two years in Congress. Some six weeks were occupied in discovering plans and compromises by which enough votes could be secured to pass it; and it was finally passed, partly from a disposition to let the Ohio Senator try and see if he could succeed, and partly perhaps with the hope of seeing him fail; partly because the favorers of contraction believed it meant

contraction, and partly because the favorers of expansion thought it meant expansion. Mr. Sherman persisted in urging that it did not mean contraction, but did mean to set a time when we would pay an honest debt, and make greenbacks worth as much as gold.

To show the notions he had to combat, the latter part of the short speech on its passage is here inserted entire. After explaining the provisions of the bill, Mr. Sherman said:

"Mr. President, these are all the provisions contained in this bill. They are simple and easily understood, and every Senator can pass his judgment upon them readily.

"Now I desire to approach a class of questions that is not embraced in this bill. Many such questions— and I could name fifty—are not included in this bill; and I may say this: that if there should be a successful effort, by the Senate of the United States, to ingraft any of this multitude of doubtful or contested questions upon the face of this bill, it would inevitably tend to its defeat. I am free to say that if I were called upon to frame a bill to accomplish the purpose declared in the title of this bill, I would have provided some means of gradual redemption between this and the time fixed for final specie payments. All of these means are open to objection. There have been three different plans proposed to prepare for specie payments, and only three.

"One is what is called the contraction plan. The simplest and most direct way to specie payments is undoubtedly the gradual withdrawal of United States notes, or the contraction of the currency. Now, we know very well the feeling with which that idea is regarded, not only in this Senate, but all through the country. It is believed to operate as a disturbing element in all the business relations

of life; to add to the burden of the debtor by making scarce that article in which he is bound to pay his debts; and there has been an honest and sincere opposition to this theory of contraction. Therefore, although it may be the simplest and the best way to reach specie payments, it is entirely omitted from this bill.

"The second plan—one that I have favored myself often, and would favor now if I had my own way, and had no opinion to consult but my own—is that of converting United States notes into a bond that would gradually appreciate our notes to par in gold. That has always been a favorite idea of mine. There is nothing of that kind in this bill, except those provisions which authorize the Secretary of the Treasury to issue bonds to retire the greenbacks, as bank notes are issued, and to issue bonds to provide for and to maintain resumption. I, therefore, have been compelled to surrender my ideas on this bill, in order to accomplish a good object, without using the means that have been held objectionable by many Senators.

"The third plan of resumption, which has been favored very extensively in this country, is that of a graduated scale—what I call the English plan; that is, that we provide now for the redemption at a fixed rate, or scale of rates, of so much gold for a specific sum of United States notes. At present rates, we would give about \$90 of gold for \$100 of greenbacks, and then provide for a graduated scale by which we would approach specie payments constantly, and reach it at a fixed day. This may be called a gradual redemption. This, also, is objectionable to many persons, from the idea that it compels us to enter the money markets of the world to discount our own paper. It is an ideal objection, but a very strong objection—an objection that has force with a great many people. We

have undertaken to redeem these notes in coin, and it is at least a question of doubtful ethics whether we ought to enter into the markets of the world and buy our own notes at a discount. Although that plan was adopted in England, and successfully carried into execution, yet there is a strong objection to it in this country, and, therefore, that mode is abandoned. Either of these plans I could readily support, but they have met, and will meet, with such opposition that we can not hope to carry them, or to ingraft them in this bill without defeating it. We have, then, fallen back on these gradual steps: first, to retire the fractional currency; second, to reduce United States notes as bank notes are increased, and then to rest our plan of redemption upon the declaration made, on the faith of the United States, that, at the time fixed by the bill, we will resume the payment of the United States notes in coin at par. That is the whole of this bill.

"Not only are all these plans of gradual redemption omitted from the bill, but there are also many troublesome questions omitted from the bill. If we undertake to define precisely what shall be done four years hence on the resumption of specie payments, to say whether the legal-tender act shall then be repealed, or whether it shall be repealed before or not, we enter upon a difficult field, and will undoubtedly divide the Senate and divide the country. Is it not better to postpone, until the time comes to meet them, these questions which must then arise, rather than engage in an attempt to settle them now, four years in advance?

"We declare the time when specie payments shall be resumed, in order to give fair notice, so that market values for the future may be adjusted, and so that people will prepare themselves for resumption. Our people may then

base their transactions upon that solemn declaration made by Congress.

" In regard to the other point, as to the reissue of the fractional currency, it will be seen that the first section is carefully worded to require an equal amount, in number and denomination, of the fractional currency to be redeemed, and that this process is to continue until the whole amount of the fractional currency outstanding shall be redeemed. But it is said that perhaps, after all this is done, we can not compel people who hold the fractional currency to present it for redemption. It must be remembered that we can not coin sufficient money to redeem all the forty-seven millions now outstanding in less than three years. The question is raised whether, at the end of the three years during which this process will go on, we shall provide, by peremptory law, that the fractional currency shall not be reissued under any circumstances. We do not undertake to do it, and I simply say that we should leave this question just where the section leaves it. We have provided for the sure and certain redemption of this fractional currency in a course of time, which can not exceed three years, and, therefore, we do not propose to go further and decide whether it may be issued again or not. Until it is fully redeemed, the currency can not be reissued, and then it will be time enough to determine its issue or reissue.

" In regard to the absolute cancellation of the legal-tender notes that may be redeemed under the operations of the free banking clause, that matter is also provided for in the same way :

" 'And whenever and so often as circulating notes shall be issued to any such banking association so increasing its capital or circulating notes, or so newly organized as afore-

said, it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes, in excess only of \$300,000,000, to the amount of eighty per cent. of the sum of national bank notes so issued to any such banking association as aforesaid, and to continue such redemption as such circulating notes are issued, until there shall be outstanding the sum of \$300,000,000 of such legal-tender United States notes, and no more.'

"How long will it take before this contingency shall arise? How long will it be before \$100,000,000 of circulating notes shall be issued to national banks? How long will it be before this process comes to such an end that the question is at all material? No one can tell how fast these notes will be issued, or how rapidly they will be called for. In the present condition of affairs none probably will be issued, but, no doubt, with the revival of industry, with the local demand for banks here and there, with the probable new wants of currency, made necessary by the increase of business, banks will be organized—how rapidly no man can tell. At any rate, the question is not material until the whole amount of \$82,000,000 is reduced, until the limit of \$300,000,000 is reached. It is, therefore, scarcely necessary for us to ingraft in this bill provisions that will undoubtedly lead to controversy and dispute, in order to meet a question that will be provided for in the future.

"At all events, I say frankly that we do not propose to decide that question in this bill. I have no doubt that, when the time arrives, when the question becomes material, it will be met. Undoubtedly, until the reduction of the United States notes to \$300,000,000 they can not be reissued. The process must go on *pari passu*, until the amount of legal tender notes is reduced to \$300,000,000. Before that time will probably arrive, in the course of hu-

man affairs, at least one or two Congresses will have met and disappeared, and we may leave to the future these questions that tend to divide us and distract us, rather than undertake to thrust them into this bill, and thus divide us, and prevent us from doing something in the direction at which we aim.

" It is said that the bill is open to the construction that the Secretary of the Treasury may gather up the eighty per cent, as a reserve, and reissue the notes again, and that it is the intent of those who made the bill that it shall be open. I leave that question to be decided upon the law as it stands. The case that is put, of what I regarded as an illegal issue of notes, probably may never arise, and certainly it can not arise for a considerable period of time. But, if there is any doubt upon that question, I leave every Senator to construe the law for himself; and, if there is a doubt about it, I say it is not wise, as practical men dealing with practical affairs, seeking to accomplish a result, to introduce into this bill a controversy which will prevent that unity that is necessary to carry the good that is contained in this bill.

" I am asked whether in my own mind the bill is open to that construction.

" I do not care to give my opinion now. I have given my opinion once or twice before in regard to these questions. For instance, I gave my opinion when a bill was originally before the Senate four or five years ago, that the reserve which was provided in that bill could not be reissued, and yet that opinion did not control the Secretary of the Treasury for the time being. I prefer to leave that question where the law leaves it, and to the judgment of that Congress that may come hereafter.

" But the question is asked, whether we should pass a bill

on a subject like this, so delicate and so important, the meaning of which is so obscure that the champion of the bill has to admit himself that its construction will be left to the courts of the United States.

"In supporting a bill of this kind, I do not meet all possible questions that may arise in its construction, and no human mind could do it. I know this, and upon this rock I stand: that this bill has provisions in it which tend to accomplish the purpose which I have so diligently sought, and I will not seek to obstruct its passage or defeat it by thrusting into it doubtful questions of law or public policy which may tend to defeat it. I take this bill not as the bill that I should propose myself—a bill which itself surrenders many of my convictions as to the means to be employed to accomplish the particular purpose designed—but I take it because I see that every provision in it tends to the object sought, and I will not weaken it by putting in questions of grammar or construction which may tend to weaken and destroy it. It seems to me the language is very strong, and the provisions ample and potent.

"And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or required, he is authorized to use any surplus revenues, from time to time, in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par in coin, either of the descriptions of bonds of the United States described in the act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the national debt," with like qualities, privileges, and exemptions, to the extent necessary to carry this act into full effect, and to use the proceeds thereof for the purpose aforesaid."

"In other words, to prepare for and maintain redemption,

he may issue either a four, or a four and a half, or a five per cent. bond, the lowest that he can sell at par in coin. We place in his hands the surplus revenue of the Government. More than that, we here by law declare our purpose, the purpose of a Government and a people that have never violated their obligations when distinctly made, that at this time and date we will do these things, which amount to a resumption of specie payments.

"Now, sir, the great weakness of our currency is, that we have undertaken to pay our notes in coin, and do not fulfill our promise. No man denies that obligation. It is so written upon the statute books, now six years old. But from the fact that we have not said at what time we will do it, the question is still open, to rest upon the construction which each Senator and member may give to the words, '*as early as practicable*'—an indefinite phrase at least, and one that applies to all future ages. The object of this bill, and the objective point of this bill, is to fix a time within which the honor of the United States is pledged to redeem these notes in coin; and that pledge, if made by Congress, and I trust it may be made by the whole of Congress, of all parties, and made by the whole people—that pledge, if made, will be redeemed. It is true a subsequent Congress may repeal it. Any thing we can do may be repealed by a subsequent Congress. All we can do is in our time to pledge the faith of the United States to do this in the future; and if the people in their power and might, through agents hereafter elected, violate this promise, there is no power in our Government to prevent it. We only know that they probably will not do it; that a pledge thus specific, made as to a definite day and time, with ample powers given to an executive officer to execute it, will be maintained.

"I desire to say one word more: that this pledge is made knowing the full extent of the obligation imposed by this law, and I believe that every Senator who votes for this bill is personally pledged—all his political influence is pledged—to maintain that declaration, just as our fathers felt themselves bound by their lives, their fortune, and their sacred honor to maintain the pledges they made in the Declaration of American Independence."

The following is the resumption act as passed by both Houses, and is inserted here as a special memento of the *chef-d'œuvre* of the subject of this sketch:

"An ACT to provide for the resumption of specie payments:

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is hereby authorized and required, as rapidly as practicable, to cause to be coined, at the mints of the United States, silver coins of the denominations of ten, twenty-five, and fifty cents, of standard value, and to issue them in redemption of an equal number and amount of fractional currency of similar denominations; or, at his discretion, he may issue such silver coins through the mints, the subtreasuries, public depositories, and post offices of the United States; and, upon such issue, he is hereby authorized and required to redeem an equal amount of such fractional currency until the whole amount of such fractional currency outstanding shall be redeemed.

"Sec. 2. That so much of section three thousand five hundred and twenty four of the Revised Statutes of the United States as provides for a charge of one-fifth of one per centum for converting standard gold bullion into coin

is hereby repealed; and hereafter no charge shall be made for that service.

"See, 3. That section five thousand one hundred and seventy-seven of the Revised Statutes, limiting the aggregate amount of circulating notes of national banking associations, be and is hereby repealed; and each existing banking association may increase its circulating notes in accordance with existing law, without respect to said aggregate limit; and new banking associations may be organized in accordance with existing law, without respect to said aggregate limit; and the provisions of law for the withdrawal and redistribution of national bank currency among the several States and territories are hereby repealed. And whenever and so often as circulating notes shall be issued to any such banking association so increasing its capital or circulating notes, or so newly organized as aforesaid, it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes in excess only of three hundred millions of dollars, to the amount of eighty per centum of the sum of national bank notes so issued, to any such banking association as aforesaid, and to continue such redemption as such circulating notes are issued until there shall be outstanding the sum of three hundred million dollars of such legal-tender United States notes, and no more. And on and after the first day of January, Anno Domini eighteen hundred and seventy-nine, the Secretary of the Treasury shall redeem, in coin, the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States in the city of New York, in sums of not less than fifty dollars. And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or re-

quired, he is authorized to use any surplus revenues, from time to time, in the Treasury, not otherwise appropriated, to and to issue, sell, and dispose of, at not less than par, in coin, either of the descriptions of bonds of the United States described in the act of Congress approved July fourteenth, eighteen hundred and seventy, entitled "An act to authorize the refunding of the national debt," with like qualities, privileges, and exemptions, to the extent necessary to carry this act into full effect, and to use the proceeds thereof for the purposes aforesaid. And all provisions of law inconsistent with the provisions of this act are hereby repealed.

"Approved January 14, 1875."

## CHAPTER XIV.

### COINAGE.

THE people of this country are under no slight obligations to Mr. Sherman for the general information he has given upon this important subject. The chief part of this is contained in two speeches—one made April 11, 1876, on “Fractional Currency and Silver Coinage,” and the other June 8th, the same year, upon “Legal Tender of Silver Coin.” Of course, the limits prescribed to the present volume forbid introducing all the information therein contained, yet it seemed to the writer important to introduce something of it, to give an idea of the real service Mr. Sherman has done his country, and also to disseminate the information more widely than is done in the larger volume of speeches. The publishing of that book should not be accounted as among the least valuable of his labors. It will be looked back to as a brilliant light to guide future statesmen in the management of national affairs in this and other countries. The book called *Speeches and Reports of John Sherman* may and ought to be regarded as a textbook on finance, and this volume may be considered in part as a humble attempt at an abridgment for beginners.

Mr. Sherman begins by noticing the dispute as to whether a single or double standard is the better, but dismisses the theory of it by saying he could refer Senators to about a hundred volumes on the subject, showing that he had

studied the matter thoroughly. He was also a member of the Paris monetary conference of 1867, so that the reader has here the views of a man who knows whereof he speaks.

In 1792, the relative value of gold to silver, in this country, was established as being fifteen to one. There was no discussion about it, except whether the dollar should have on it the head of liberty or of the President. This enactment drove gold out of the country, because it was worth more than fifteen to one. It demonetized gold. In 1834, Congress reduced the weight of gold, making one ounce of gold worth sixteen of silver. This was as much too low as the other was too high. Now, silver was so valuable that it left the country, and we had nothing but gold. In 1853, an attempt was made to correct this evil, for small change became scarce. It was done, so far as small change was concerned, by making the half dollar fourteen and a quarter grains lighter than before, and other subsidiary coin in proportion, and making no change in the dollar. This brought the small change in, but excluded the dollar still, so that we had only gold dollars. Between 1853 and 1861, \$18,000,000 of small silver was issued. In 1873, the value of gold was slightly increased by allowing free coinage, and of silver by adding nearly a grain to the half dollar, and as the silver dollar was worth more than the gold dollar, it had left the country, and, in revising the statutes, was dropped. By the same bill the trade dollar was authorized to be coined for any who would pay the cost of coining, and the mistake about it was that it was made a legal tender to the amount of five dollars; thus putting it in the power of private individuals to increase indefinitely the legal-tender circulation. Mr. Sherman urged the repeal of the legal-tender character of the trade

dollar, rather than disappoint merchants by suppressing it. This is the history of American silver coinage.

In England, the coinage of gold is free, and also silver, except that the Government retains four shillings in sixty-six of bullion, but makes the sixty-two shillings of bullion into sixty-six of coin, or tokens, as they call them. Their alloy of copper is seventy-five parts in a thousand, ours a hundred. The value of an English shilling in our money is twenty-one cents and four mills. Though their silver is worth six or seven per cent. less than gold, yet with 32,000,000 people they so limit it as to keep \$60,000,000 of it in circulation as legal tender to the amount of nearly ten dollars.

The twenty five cent piece of Canada is worth a little less than ours, so that our coin will doubtless fill the channels of trade there. The money of France, Belgium, Switzerland, and Italy is based mainly on the French standard of 1792, and regulated by the convention of 1865, the most important monetary convention now in force. The weight of a five-franc piece is precisely the weight and fineness of our two half dollars or four quarters. The limit of issue is fixed at six francs *i. e.*, \$1.20 - per inhabitant, which gives to the four countries about \$82,000,000 subsidiary coin. Each nation has its standard, besides, of fifteen and a half to one. The same law applied to us would make a circulation of about \$50,000,000, but it is thought that, from the more scattered population of our country, we can maintain a circulation of subsidiary coin of seventy or eighty million dollars.

The legal tender of this convention is ten dollars or under, among private individuals, twice that between States. This is the conventional law for 72,000,000 people. In the convention of 1867, which Mr. Sherman attended, this

world probably have become the basis of the commerce of the world, had Germany consented, and the English been less proud of their pound sterling.

"There is a great deal of misapprehension in regard to the recent action of Germany respecting silver. The common impression is that Germany has changed her standard from silver to gold, and demonetized silver. Not so. She has adopted a double standard of gold and silver. Still a larger silver coinage is authorized in Germany than is found elsewhere in Europe. In France, it is \$1.20 per inhabitant; in England, \$2.00; with us, \$1.25, so far; and in Germany it is \$2.38, making \$100,000,000 of silver coin. The amount of silver outstanding in Germany was about \$100,000,000. There is still outstanding of legal tender, old coinage, \$180,000,000, and \$50,000,000 of the new silver, besides \$300,000,000 in gold, which displaces \$170,000,000 of silver. This has brought our trade dollar from 1.03 to .91."

This move caused a struggle for gold between the great nations, which raised the price of that metal, so that the late change is not so much a fall in silver as a rise in gold. It was readily seen that if \$320,000,000 of silver coin were demonetized, and \$350,000,000 of gold coin made the sole standard, it would add greatly to the value of gold, and now (1876), in the three countries, England, France, and Germany, are \$600,000,000 in gold, or nearly one-fifth of the supply of the world. This process will certainly be arrested. Mr. Sherman said:

"The utter ruin that would come to mankind, especially to the poorer nations, by the entire demonetization of silver, can not be estimated by us. Take one-half of the solid money of the world out of existence, take the sole standard of more than two-thirds of the human race, reduce it to a

base metal, and the effect upon the commerce of the world would be incalculable. It can not be done, it will not be done. There is no danger of it. These two metals have traveled side by side from the beginning of time. The records of human history do not go back to a time where they did not move together. They have varied in value, sometimes one and sometimes the other being higher; but they have gone on, gold the money of the rich, silver the money of the poor, the one to measure acquired wealth, the other to measure the daily necessities of life, and, sir, no act of parliament, although it may disturb for a moment the relation of these two metals to each other, nothing but the act of God, can destroy the use of both of them by mankind.

"In ancient times the relative value was about one ounce of gold to thirteen and one-half of silver; toward the end of the Roman Empire, one to fourteen and one-half; in the middle ages down to the fifteenth century, one to sixteen. After the discovery of America, gold fell rapidly down to one of gold to eleven of silver. After the beginning of the seventeenth century, it began to rise gradually, and at the end of the eighteenth, was one to fifteen and a half, and remained at about the same till since 1873, when the fall of silver has been rather rapid."

From this view Mr. Sherman drew the following conclusion, which all will do well to remember, whether acting in a public capacity or voting in private:

1. The precise relative value of gold and silver can not be fixed.
2. When a coin is worth more than the legal standard, it will leave the country.
3. To prevent depreciation silver is issued as token coin-

age of less value than gold, but kept at par by a limitation in quantity.

4. Demonetization of silver raises the price of gold.
5. Both coins are indispensable.
6. The causes of the decline are temporary.
7. The general monetizing of silver now would be to invite to our country, in exchange for bonds, the silver of Europe, and leave us with a depreciated currency.
8. The decline of silver now enables us to take up our fractional currency without loss, without using our gold or contracting the currency.

Mr. Sherman urged that subsidiary coin should be legal tender for five dollars, and that the old dollar, the first one, not 412.5 grains but 412.8 grains, be restored and made legal tender for ten dollars, but was willing to enlarge to twenty, as a compromise.

It was objected that this was an entering wedge to a double standard. Mr. Sherman said we have always had a double standard. Until three years ago the dollar was a full legal tender, and every dollar we owe could have been paid in dollars of that standard.

One parting word Mr. Sherman has: "And, sir, any intimation by Congress, any effort by Congress to impair the public debt or prevent its full payment in gold coin, would, in my judgment, do more harm than all the silver that can be issued under this or any other law can do good."

On the 8th of June, two months later, Mr. Sherman addressed the Senate on the bill to amend the laws relating to legal tender of silver coin. There were two main questions:

1. Shall silver coin be exchanged for United States notes, as well as for fractional currency? Certainly, says Mr. Sherman, it being at the option of holders whether or not to part with them for silver.

2. Is it wise to receive the old silver dollar with a view to exchange it for United States notes? The Committee proposed the silver dollar, not as a legal tender for gold contracts, but only as a tender for currency contracts not exceeding twenty dollars in any one payment. "I would prefer," says Mr. Sherman, "to leave the silver dollar to stand on its intrinsic value as the smaller coin, but there is no injustice in enlarging the limit to twenty dollars."

Mr. Sherman acknowledges an error he made in saying the dollar had not been issued since 1853. Official reports show that large quantities were issued from 1870 to 1873, when it was demonetized. Mr. Sherman says the only reason that silver coinage was dropped from our system was that the silver dollar was more valuable than the gold dollar, and quotes a report made by Comptroller Knox, April 25, 1870, stating that the average premium on silver dollars above gold for the last six years had been three per cent.

Mr. Sherman's view is that gold should be the standard of value, but that silver should be coined in limited quantities of slightly less value than gold, but kept at par by being limited in quality, and made a legal tender for small amounts. But if a limitable system be adopted, the just relative value should be fixed at that time—say one ounce of gold to equal in value seventeen and a half of silver.

## CHAPTER XV.

### EFFORTS AT REPEAL ANSWERED.

AFTER the passage of the Resumption Act, in 1875, it will be remembered that most strenuous efforts were made to secure its repeal. The opposition, in truth, never ceased till resumption took place, nor then either. It was so inwrought into the political opinions of men that, to this day some will, with great reluctance, admit its success; when, as Secretary Schurz said at Cincinnati, "You might as well repeal this morning's sunrise as to repeal resumption."

In December, 1877, nearly three years after the passage of the act, the editor of the *North American Review* sought the opinions of leading statesmen upon the subject, and embodied them in what has since been called a "symposium." Their names were Hugh McCulloch, Wm. D. Kelley, David A. Wells, Thomas Ewing, and Joseph S. Ropes. After these had written, their papers were submitted to Senator Sherman, and he was requested to present his views, to be published along with theirs. What their views were will be sufficiently apparent from Mr. Sherman's answer, which is as follows, from the *North American Review*, for November and December, 1877:

The editor of the *North American Review* lays before me several papers, prepared by gentlemen of distinction, upon the general subject of resumption, presenting opposite views, and

asks me briefly to comment upon them. This I could hardly do in a short statement, nor is it necessary, perhaps, as the mistakes and exaggerations of extreme opinions are sufficiently illustrated and answered in the opposite views of the writers of these articles. Perhaps the editor will be satisfied, in his commendable search after truth through discussion, with a brief reply to some of the general positions taken by the two opposing sides on this question.

Judge Kelley and General Ewing may fairly be said to represent the inflation or extreme paper-money view. The substance of their papers is an eloquent but rather overdrawn picture of the financial distress through which we have recently passed; but the great error into which they have fallen, and into which it is strange that men so acute of intellect as they are should fall, is to attribute this financial distress to the resumption act, instead of to its real and only cause, the unparalleled inflation of paper money and credits during and since the war. The losses by the Chicago fire of 1872, the still greater trouble that culminated in the panic of 1873,—all the losses, failures, distress, and embarrassment, the reckless and foolish accumulation of municipal debts, credits, devices, and frauds, the natural effect of inflated and depreciated paper money—all these they absurdly charge to an act of Congress that was not passed until January, 1875. Only one provision of this act—that to substitute silver money for fractional currency—had been partially put in force previous to March last. No other important step under the law had then been taken, and since then in its practical results it has been one of the chief causes of our present improved and improving financial condition. It is strange that in the writings and speeches of these gentlemen they overlooked the fact that the panic of 1873, and all the wild and visionary schemes that preceded it, together with all the train of events that led to every failure that has occurred since, had been fully consummated before the resumption act was passed, and that the resumption act was the remedy provided by Congress to check and cure these evils, and is now in full tide of successful execution. Their eloquence is wasted, except to show that depreciated and inflated paper money has produced in our country, as it has produced in other countries, the

same result of stagnation, distress, bankruptcy, and ruin; that war, which makes necessary a depreciated and inflated paper money, is the primal cause of these troubles; that it was so after the war of the Revolution, after the great wars in Europe, and would have been even worse in our own country but for its wonderful vitality and resources. If at the close of the war we had promptly taken steps toward specie payments, much of the evil would have been avoided, and the municipal and private debts which now burden our people would never have been contracted. The postponement of resumption was a great error, but was partly excused by the destruction of values caused by the war and by the exaggerated fears in the popular mind of contracting the currency to a peace standard.

My only reply to these gentlemen would be that the distresses they complain of were the direct, certain, and unavoidable result of the very policy of inflation which they favor, and that it would be just as idle now to keep up this inflation with the hope of prosperity as it would be to advise a drunkard to keep on drinking in the hope of reform.

To attribute failures and distress to the resumption act instead of to depreciated paper money is but a repetition of the complaint of the wolf against the lamb for roiling the water. It is like swearing at the doctor for causing pains in administering remedies for a raging fever. The homoeopathic doses administered under the resumption act prior to March, 1877, had one virtue, if no other; they could do no possible harm, if they did not do any good. Since the 1st of March the steps taken for resumption have been so rapid and marked as to produce important direct results, but they have been constantly accompanied with advancing prosperity, increasing trade, and have given us the first broad glimmering of returning light after a period of distress and trouble.

The resumption act was intended by Congress as a remedy for the evils under which we were then suffering. It was passed seventeen months after the panic of 1873, and when we were in the midst of all the evils of inflation. The experiment of further inflation to cure inflation was fairly, though illegally tried, by throwing into the maelstrom \$26,000,000 of United States notes

that had been retired and cancelled. Every device for relief, as well for resumption as for expansion, had been fruitlessly discussed in Congress without agreement. The subject in every phase had been considered by the people during all that time. In the fall of 1874 public sentiment had crystallized in favor of some step toward the resumption of the specie standard. This led to the passage of the resumption act. This act was simply a declaration that we would restore the value of our paper dollar to the specie standard by the 1st of January, 1879. The mode and means by which this was to be done were not pointed out as they ought to have been, but the details were left to the Secretary of the Treasury, and the powers conferred were ample and definite. This remedy was the natural one, the one that all nations have prescribed, the one that our fathers followed after the Revolution, which England and France have more than once followed, and which every nation must follow that is driven for the time from the specie standard. No human device has ever sufficed to relieve a nation that adopts irredeemable paper money from the necessity of returning to the only natural standards of value—gold and silver. This act was passed as the result of wide differences of opinion that could not be reconciled, and did not contemplate sudden changes or movements.

Four years were allowed to prepare and to provide for resumption. Thus far, prior to March last, \$28,743,318 silver was substituted for \$17,074,317 fractional currency retired; no gold was accumulated, and greenbacks were retired only to the extent of eighty per cent., as national bank notes were issued. This plan of resumption is confessedly not a perfect plan, and almost every one has desired to make amendments to it, but it is the only one that Congress would grant, and it is now demonstrated that under the provisions of that act the specie standard can be reached by the 1st of January, 1879. I repeat what I have said elsewhere, that resumption can be, ought to be, and will be secured if this law is not repealed by Congress.

And here I should refer to the papers submitted by Mr. McCulloch and Mr. Ropes, all very well stated, all very well written, and with many of their ideas I heartily agree. But what is the use of talking about other plans of resumption? The idea suggested by

these gentlemen was advocated in Congress for years. A simple funding act was proposed by the Committee on Finance in 1866, and was pressed year in and year out. In the original draft of the funding act, now a law, United States notes were convertible at the will of the holder into four per cent. bonds precisely such as we are now selling at par in coin. With this feature the bill passed the Senate, but the House refused to pass it. No proposition has been more frequently urged and acted upon adversely by Congress than that now advocated by Messrs. McCulloch and Ropes. What is the use of wasting ammunition on this? What is the use of delaying resumption until Congress will pass such an act? If Congress would pass such an act it would greatly aid and expedite resumption, and I cordially join with these gentlemen in the hope that such a bill will pass, and advise them, if they think they can promote it, to get into Congress as soon as possible to help. I have tried the experiment, with much labor and no success. What, then, is the use of distracting attention by new plans of resumption? I receive, on an average, about one a week, some of which are wild, and some of which contain very good ideas. I could furnish from the files of the Finance Committee as many plans of resumption as there are cities in the United States. But it is manifest, to practical men, that no legislation can be obtained from Congress except some simple measure that will aid the execution of the present law, the danger being rather that the opponents of resumption will be strong enough to arrest the movements already made in that direction.

Now, dismissing for the moment the extremes of opinion on resumption, the practical question is, What ought to be done now? Shall we abandon the progress already made towards a specie standard, and commence again the wild round of experiments on interconvertible bonds and paper money, without promise or hope of redemption? Shall we repeat again any or all of the financial fallacies which have marked the history of mankind, or shall we go steadily forward until we can base all our transactions upon that money which, by the experience of mankind, is proved to be the best possible standard of the value of all labor and productions?

Mr. McCulloch says, truly, that if any party should undertake,

in the face of the present movement towards resumption, now assured of success, to reverse that policy, it would do not only a wrong thing, but a very foolish thing. But is it not equally foolish for the friends of resumption to now dispute longer as to the best plan of resumption? If all the people were agreed as to the policy of resumption, we should have strength enough to divide as to the means; but, when we have barely a majority in favor of resumption at all, is it not better to cling to the plan now in process of execution?

Many new questions are thrust into this controversy that ought not to embarrass resumption. Thus, General Ewing insists that resumption means the entire extinction of the greenback circulation. No doubt many persons are in favor of withdrawing these notes or repealing their legal-tender quality, but this is a question properly for the future, my own conviction being that, under existing law, after they are reduced to \$300,000,000 and have been redeemed, they may be reissued, and that the national bank currency should be used simply to meet the ebb and flow indispensable to every good currency. But this may be determined by Congress either way without affecting the virtue of the law.

So the silver question, entirely within the power of Congress, may be made a most essential aid to resumption if confined either in the amount or mode of issue or in its legal-tender quality. If issued without limit upon the demand of a depositor of silver bullion, it is the substitution of a single silver standard instead of the gold standard. Whatever decision Congress may arrive at on this question, the Resumption Law must stand, to prevent our paper money from falling below the specie standard fixed by Congress. At present paper money is worth more than silver, because the market value of silver bullion is greatly depreciated. The expectation of the redemption of our paper money in gold, with our demonstrated ability to do so, has brought it nearly to the standard of gold. If silver alone should be adopted as the standard, the paper will fall even below that standard, unless resumption in silver is provided for by law.

The existence and power of the national banks depend entirely upon the will of Congress. Banking is now free, and this provision of law is a happy and wise expedient to prevent any sudden con-

traction of the currency, or, as now, to meet an unusual demand for currency. The Comptroller of Currency is prepared to issue promptly any amount of bank notes that will be required. The provision for the redemption and retirement of this currency is now in successful operation, and may be continued in specie-paying times as now, but Congress has power to further limit or restrain this issue, or to make any further provisions necessary to secure the prompt redemption of bank notes.

These are all questions apart from the Resumption Act which is intended to secure the free conversion of United States notes into coin, such as is now provided, or may hereafter be provided, by Congress.

There is only one other point as to the Resumption Act that it is necessary to mention, and that is the ability under it to secure resumption. This, I submit, has been demonstrated. The accumulation of coin, and the gradual retirement of United States notes, will unquestionably, if continued, produce specie payments before the time fixed by law. The rapid changes that have already been made in the value of United States notes, by the policy adopted for the last six months, have been marked and decisive, and this has been accompanied and followed by a great improvement in all branches of industry, and has been favored, no doubt, by Providence in the gift of a large crop, for which there is a ready demand.

The brightest lining of the dark cloud depicted by some of the writers of these papers is to be seen in the steady pursuit of this policy of resumption. If the friends of resumption will only be content with the plan of resumption that is now upon the statute-book, securing only such additional legislation in aid of resumption as Congress, in its wisdom, may see proper to grant, there need be no fear of the result.

We need not raise the question presented by Mr. Wells, nor do I see that it would be effective; for, if a law is passed repealing or modifying the Resumption Act, there is no authority in our Government that can restrain its execution. Nor is it to be presumed that Congress will do any thing to impair the public faith pledged to any portion of its creditors. Popular commotion always stops short of this. There is no tradition of the

National Government more sacred than that which holds it to a rigid, faithful observance of the public faith. It is by this alone we are enabled to sell our bonds bearing four per cent. interest at par in coin. The confidence thus inspired and thus evidenced is the best property of the nation—worth more, in times of adversity, than all the gold and silver that can be accumulated.

## CHAPTER XVI.

### ALLEGED DISCREPANCIES IN THE TREASURER'S REPORTS.

As there has been something said, for several years past, respecting a discrepancy in the Treasurer's report, it will not be amiss to make a special investigation, that the merits of the case may be clearly understood by the readers of this sketch.

On the 12th of January, 1876, Mr. Davis, of West Virginia, offered the following: "WHEREAS, There appear to be material alterations and discrepancies in the official finance reports of the Treasury Department, as to the annual expenditures, receipts of the Government, and public debt, and particularly in the reports of 1869 and 1872, inclusive, which discrepancies and changes and alterations involve large amounts, and no satisfactory explanation appears on the face of the same; therefore, be it resolved," etc.

The above preamble was laid on the table, and the matter referred to the Finance Committee.

Mr. Davis asserted that he could show, from official figures, that the "finance reports of 1865-1869, which agree with each other, show that the net ordinary expenditures of the Government were nearly one and a half millions less than the report of 1870 shows them to have been that year." Then follow notes of discrepancies in pensions,

seven millions in one year. In naval, \$49,000. In the War Department, some \$4,000,000 difference; sometimes one way and sometimes the other.

MR. BAYARD says: "May I ask whether the errors he points out consist of disreputant repetitions of the same expenditures?" Mr. Davis said: "Yes, sir."

MR. BAYARD. — "I understand the Senator to state, that by the official accounts of the Treasury, he finds that an amount is stated for one year at such a sum, and then when the same account for the same year is to be recited, it is recited differently, and these are the discrepancies he is pointing out."

MR. DAVIS.— "The Senator from Delaware is correct. It will be seen by this statement that the debt has increased over seventeen millions between 1873 and 1874, instead of decreased, as claimed. It is true there is a footnote explaining it, but it is my opinion, if the debt is actually decreased, the figures and annual statements should show it without necessity of explanation of any kind."

This subject would not be introduced here as matters implicating Mr. Sherman at all, had not the compiler of this sketch heard, when in Washington, that Senator Davis had made a similar statement during Secretary Sherman's incumbency of the office of Secretary of the Treasury.

Mr. Boutwell makes this explanation of one item which may serve as a specimen of the rest: "In the finance report for 1869, are included outstanding warrants to the amount of \$1,000,000, which do not appear in the report for 1870. There is a trust fund of \$14,000,000, the principal of which is never to be paid, only the interest, to seamen. This is sometimes called a debt, and sometimes, in a popular way, is not."

The explanation of the above would seem to be simply the difference in the view taken by different men, of the character of assets and liabilities. One man might account the annuity payable to seamen as a pension, and so report it to the press; and another, the sum of which it is the interest, as a debt against the Government. No one has alleged that a dollar has gone into the Treasury unaccounted for, or that a single dollar has ever been misappropriated. When Senator Davis was asked to name a single instance of any official abuse, in respect of the finances, he had nothing to allege. The discrepancies arose from the different modes of keeping the books, by different officers.

But as the national guild is an exceedingly sensitive organ of the commonwealth, and this thing is likely to be thrown out, as though it concealed some iniquity (a thing never yet charged), though it occurred at a time and in a department for which Mr. Sherman was in no respect responsible, and in the management of which he could have had no more control than any other member of Congress, it seems no more than just to insert here the explanations of the chairman of the Committee on Finance.

On the 4th day of the following August, the report of the Finance Committee was considered. Mr. Davis claims that this is not a report made upon investigation by the *Committee*, but a statement prepared by the Treasury Department in its *defense*. He contends that his assertion, that there were changes, is sustained by the report as presented. To this, Mr. Sherman says:

"Mr. President, this is the change about which we have heard so much, and the only change, not a figure altered, not a word omitted, not an erasure or alteration, but a new mode of stating the public accounts. This alteration, about

which so much has been said, is nothing but a new mode of stating the accounts, and that is shown in the fullest and completest manner by these documents. Let us go further. It is said that there are discrepancies in these accounts. So there are. There have been, and always will be. From the nature of things, that is inevitable; but why? There are two series of accounts, we are told, here by these public documents, quite different in their scope and purpose. The one is kept by the Register, and the other by the Treasurer. These accounts are intended to be a check upon each other. They are based upon different elements, but elements which, when analyzed, enabled an acute person accustomed to accounts to detect any wrong or fraud in keeping these accounts. Let me read a single paragraph, being a statement of Mr. Bristow, in a recent letter, made a part of this report."

MR. EATON.—"I should like to ask the Senator a question, only I do not wish to interrupt him."

MR. SHERMAN.—"I do not object at all, because I am speaking off-hand."

MR. EATON.—"The honorable Senator from Ohio is speaking of a single statement of account made in one way by A, and in another way by B. That is all very well; but will the Senator from Ohio inform the Senate why this statement of change went back so many years?"

MR. SHERMAN.—"That is precisely what I am coming to."

MR. EATON.—"That is precisely what I want to hear. I can not find it explained in the report."

MR. SHERMAN.—"I will now read, first, to show what motive induced the change, and I will show the necessary difference between these two different accounts. I quote from this document, because it is much better and more

clearly stated than I could state it in words. I will read, especially to my friend from Connecticut, this statement of the origin and beginning and ending of this mode of changing the accounts, and why it went back.

"Prior to 1871 the outstanding public debt was stated from the books of "issues and redemptions." In 1871 this account was restated from 1836, from the "receipts and expenditures." From the nature of these two accounts the amount outstanding will not agree at any period, although when brought within the same dates, and to include the same items, there will be no difference. To illustrate: A subscription is made to a loan in June, but the bonds are not issued until July. On the 30th of June the outstanding of this loan will be greater by this amount on the "receipts and expenditures" account, than on the "issues and redemption" account."

"Or to make this plainer, I will take the ease put by the Senator from West Virginia, in his prepared speech of the pension account, which I thought any body could answer as he went along. When money is drawn in favor of a pension agent by draft, it is charged to the pension fund in the Treasurer's Office. As a matter of course it goes into the hands of the pension agent, and is charged to pension; but that money may not be paid out for six months, and the accounts may not be rendered and passed in the Treasury Department for a year for that identical money. While the books of the Register might not show this money until after the accounts were rendered by the accounting officer, yet the books of the Treasury would show the money paid out by him."

MR. DAVIS.—"The Senator will recollect that I took five years; and that the books had been closed five years ago."

MR. SHERMAN.—“That is, between the first of one year and the first of July of another, there would necessarily be a difference in the accounts of these two officers. Between any term of years that you can take whatever, there would be necessarily a difference. Is not that easily explained? It is true, if you go to work and compare the two, and see how much money in the Treasurer's book is really in the hand of the pension agent, not paid out, you can, by a careful analysis, detect whether there is any thing wrong in the account. That is the only way you can do it; but necessarily these two accounts always differ. Let me go a little further:

“During the year 1870 the public debt accounts from 1836 were examined with a view of bringing these two accounts together. The result of this examination was the adoption of the present system of stating the public debt, by which these two accounts are made to harmonize, the one being a check upon and proving the correctness of the other. It was necessary to select some period when these two accounts came together, and the year 1836, when we had comparatively no debt, was the period selected. When this examination was completed, the Register was directed to state his accounts accordingly. That is all there is about it.

“In regard to the outstanding debt for the years 1869 and 1870 being published, including accrued interest, less cash in the Treasury, the Register submits the following statement:

“Now here is what the Register states, which has been quoted by the Senator:

“The year of 1869 was the first of Secretary Boutwell's administration, who remodeled the debt statement and added the item of accrued interest to, and deducted the

cash in the Treasury from the outstanding principal of the debt. The clerk having charge of the division of receipts and expenditures in the Register's Office, whose duty it was to prepare the tables for the finance report, followed the plan of the Secretary's Office in making up the monthly debt statement, and reported the outstanding debt for those years, including accrued interest, and deducting cash in the Treasury. I was led to believe at the time that it was so stated, to conform to suggestions made by the chief clerk in the Secretary's Office.

"The statement of this account (extending over a period of thirty-five years, and involving receipts into the Treasury of over \$6,600,000,000, and an expenditure of over \$1,200,000,000), from two independent sets of accounts, proving the correctness of the one by the other, is in itself the highest proof of the accuracy of the public accounts, however they may appear in some instances, at first view, to contradict each other."

"Let me say, that besides the two statements, which it is necessary for the Secretary to make, he is by law required to make the statement which I hold in my hand, called a statement of receipts and expenditures. This statement was made from the foundation of the Government, commencing 1791, and shows, in two tables, the sources of the receipts that come into the Treasury, and all the elements of payment, what department of the Government it is charged to, etc. I suppose every Senator is familiar with it. It is a statement that has been continued year after year. It was made up until 1869. After that time Mr. Boutwell, according to this document, in publishing the future statement of the state of the debt, not to correct the back statements, not to change the volume that had been printed, or was in manuscript, but in stating the public

debt as it existed, undertook to state it upon the plan that he thought was the best, and which every body knows is the best; that is, a statement showing the interest added, and the money on hand deducted. That, as a matter of course, would vary every year from the previous statement. What harm was there in that? On the other hand, it made these statements harmonize. It was a matter of public notoriety, known to every officer in the Treasury Department. Therefore, in making up this statement, which he is required by law to make every year, he stated the debt, according to his mode of computation, in 1836, and from that down, taking the year 1836 because we then commenced without any debt in the books that were printed after 1871, so and so. *There* has been the bugaboo; there has been the trouble with my friend from West Virginia. He does not distinguish between a mere mode of stating a debt or an account, or the result of certain figures, and a change of the account itself."

More distinct and clear still are the following words:

"Mr. President, it is always painful to me to hear statements made like those just made by the Senator from West Virginia, because he does not think about their effect. Why, sir, if what he has said is correct, every man who has held the office of Secretary of the Treasury, from the foundation of the Government, has been a corrupt man. He speaks of changing the books of the Treasury Department. Why, sir, that is a penitentiary offense; and yet it is charged against every officer of the Government from the foundation down. Certainly the Senator does not mean that. What is there about this charge? The books of the Treasury Department have not been changed in a word or a figure."

MR. DAVIS.—“Will the Senator say the same thing about the official reports to Congress?”

MR. SHERMAN.—“I do. No official report to Congress has ever been changed, and dare not be. It is printed every year just as it is sent here. This is what the Senator means, and he does not mean any more than this; that in 1870, the Secretary of the Treasury, believing that the elements which entered into the statement of the public debt were not correct—that is, that they did not give the information necessary to show at a particular time the amount of the public debt for a particular year—undertook to revise the previous statements that were printed in the reports of the Treasury Department, to show that certain new elements ought to have been included at the time the statement of the debt was made every year. In 1870-71, he gave us a statement of the public debt revised, including these new elements; for instance, the accruing interest and the trust funds which were accounted a part of the new statement, and not in the old one. And there were other elements that did not enter into the previous statements. He made a statement including these items. I will state to my honorable friend, that the report made a few days ago, to which we gave a good deal of attention—not so much to satisfy my friend from West Virginia, as to satisfy every body who wanted to study the matter, and every member of the committee was of the same opinion—gives the facts and figures, gives the debt as it was originally stated, and the reasons why the change was made. It states the important elements that were omitted in the previous statement, and the reason why those elements were brought into the subsequent account. Then the Secretary of the Treasury, with these new elements made up by the officers of the Treasury Department, undertook to

state that for 1836, although the debt was then reported at so much, yet if the trust fund had been added and the accrued interest had been added, etc., and these other matters had been brought in at that time, as he proposed to do subsequently, the debt would have been so and so. No figures were changed, but only the statements made in 1870, and from that time on, new elements were considered as being proper to have been stated that had been omitted without any fault, or crime, or alteration, or forgery."

#### THE UNSULLIED PURITY OF OUR NATIONAL GUILD.

The writer was, not long since, one of the commissioners to test the coinage, and of course had access to all parts of the mint at Philadelphia. While there he could not avoid feeling that he was in an atmosphere of purity. Upon inquiry he learned that there were some three hundred employés, some of them on low wages, yet in all the years since the establishment of the mint, not a dollar has been lost. On the contrary, it has netted to the Government above its cost and expenses eleven million dollars.

In the Treasury at Washington there is no less cause for admiration than at the mint. Here are some three thousand employés; and bank bills, Government bonds, and a vast variety of stamps are made from rags into paper, printed, stamped, and sent to their destination to the amount of many thousand million dollars annually. An indelatable Senator has been searching, and has found what he called great discrepancies in reports made at different times. But he has not yet ventured to stand up in his place, and assert that a single dollar has been misapplied or not accounted for.

To show the sensitiveness of the country in this respect,

the reader is reminded that not many months ago, 847,000 were stolen in the Treasury building, and in twenty-four hours the news of it reached the remotest parts of the country, and there was instant search, till the thief was detected, and the treasure recovered.

And now, October 1, 1879, all the money paid for the four per cent. bonds to the different agencies has been collected even more rapidly than it could be used, without the loss of a dollar or the least commercial disturbance.

## CHAPTER XVII.

### NEW YORK CUSTOM-HOUSE.

THE whole country can scarcely have forgotten the wide-spread dissatisfaction that has been felt and expressed for many years past concerning the management of the New York custom-house. These evils were no worse under the last administration than they had been for a whole generation. General Arthur's administration was probably an improvement upon what had been the state of things before. He was himself a man of fine qualities and of good intentions, and though he was an improvement upon the past, the evils were so deeply rooted that he could not remove them. A considerable part of the commerce of the country was being thrown into the hands of dishonest men, because those that were honest would not bribe men to do their duty. This was exerting a pernicious influence in a great many ways. The example was exceedingly demoralizing to the whole country. What was known to be openly and shamelessly practiced at the very center of commerce, could not be restrained with a very good grace in the remote and obscure portions of the country. What was done in the great metropolis in the custom-house could not be wrong in the land offices, in the Indian department, in the post-offices, and in the internal revenue department. Its tendency was to spread, like gangrene, through the body politic. As a consequence this influence had been preying

for years upon the vitals of the Republican party, as it had been before upon the Democratic. It is passing strange that politicians will not learn that the surest way to stand, and be upheld by the voice and conscience of the country, is to do right, and enforce law. If a law is a bad one, the shortest way to secure a repeal is vigorously to enforce it. If right, no party can stand long that dare not enforce it. There was certainly nothing fair nor right in leaving matters so loose in New York that merchants in the city, who had money and knew the right wires to pull, could get their goods landed and sold before those at a distance could get theirs landed. But the combinations and ramifications of the custom-house ring, in New York, were so fortified on all hands, and so reticulated with the polities of the country, as to require unwonted courage to attack it.

The State of New York being the most populous in the Union, would naturally exert a greater political influence than any other. The city being the largest on the continent, and the commercial metropolis of the whole country, would, on that account, be especially powerful. The custom-house in that city being the place where the larger part of dutiable goods are entered and customs paid, if used for the purpose, might be the very key to political power, and control the polities of the nation. Such a Goliath as this it would require unusual courage to attack. What made it worse was that it was in the hands of political friends. The Republican party might well have said, and executive officers might have said, "Had it been an enemy that had done this thing then I could have borne it; but it was mine own familiar friend." It requires more courage to attack a friend than it does to assail an enemy. But then, in the hands of friends, such a power, if used amiss, is calculated to do vastly greater harm than would otherwise be

possible. If such acts were tolerated in the Republican party, how would that party be able to suppress the fraudulent voting that is so much complained of? Leading Democrats would say, and say it plausibly, too, if the Republicans undertake to retain their power in the State and country by a corrupt use of the custom-house, who will "throw the first stone" at us if we undertake to recover it by a corrupt use of the ballot-box? In this way, that festering sore in the custom-house of New York was setting an example and stimulating deeds of corruption, and more than any thing else likely to bring about its own overthrow. Whereas, had the Republican party held itself above reproach, by the rigid enforcement of law, and of the regulations of commerce, and in defense of the rights of citizens, it would have stood fairer before the world, and higher in the confidence of the nation. Its power would have had a more permanent basis and a stronger hold upon the affections of the people. Mr. Sherman's policy from beginning to end, has been to enforce law and exact obedience to law. But in the New York affair it required a tremendous effort. The present administration, in assailing that festering sore, required more moral courage, and of a higher order, than it did to put down the rebellion. It was easy to fight after the attack on Fort Sumter, but not so easy to assail leading Republicans in New York City.

President Hayes and Secretary Sherman were just the men to assail that powerful combination. Both of them are men who "would rather be right than be President," and, therefore, in that emergency of the country—for such it really was—the right men were in the right place. The changing of officers in the custom-house, may seem like a small matter, one that could not call for a great amount of

courage. But when we take into account all the circumstances just enumerated, and the fact that it had continued so long unsuppressed, and only checked, would indicate that to assail this evil would require a man of uncommon nerve. But the importance of doing so, and the greatness of the victory of the Secretary of the Treasury, and the distinguished service he has rendered, will appear from a review of Mr. Sherman's statement of the evidence of corruption. Resumption of specie payments, the national bank system, the funding of the public debt at so low interest by which so many millions of dollars are saved to the industry of the nation, are wonderful achievements; but it is exceedingly doubtful whether the attack upon the New York custom-house, and its success, is not the greatest and best of all. It is said by detractors that the national bank grew out of the necessities of war, that resumption and refunding were the results of remarkable coincidences, not remembering how important it was to have a man on hand that knew how to take advantage of these coincidences. But as to the New York custom house there were no fortunate coincidences to take advantage of. It was all up-hill work. It is doubtful if the President, unflinching as he is, could have done it alone, or found another than Secretary Sherman who would have succeeded in conjunction with him.

But that the reader may be posted upon the merits of this conflict let him review the facts of the case. The President said in his message, January 31, 1879: "The custom-house should be a business office. It should be conducted upon business principles. General James, the post-master of New York City, writing on this subject, says: 'The post-office is a business institution, and should be run as such. It is my deliberate judgment that I, and my sub-

ordinates, can do more for the party of our choice, by giving the people of this city a good and efficient postal service, than by controlling primaries or dictating nominations.' The New York custom-house should be placed on the same footing with the New York post-office. But under the suspended officers" (Arthur and Cornell) "the custom-house would be one of the principal political agencies in the State of New York."

The history of this affair, as far as respects the effort to change the officers, was about as follows: At the beginning of the session of Congress of 1877-'8, the President exercised the appointing power to remove the old incumbents and appoint new ones. Not wishing to harm any one or cause ill feelings, he did this as a matter of course, not ostensibly as a measure of reform, but without giving reasons. This appointment was rejected by his political friends without *assigning* a reason, but it was well understood that the reason was, a determination to hold the custom-house as a political engine to influence elections. This was a Bull Run defeat of the administration. But the war was not over. The Jay Commission was then sent to investigate the charges that were afloat respecting the abuses in the custom-house, and report, preparatory to action in earnest and removal for cause. At this time a second suspension had taken place, and it was yet to be tried before the Senate, whether the appointment of a successor should be approved.

The Secretary of the Treasury had communicated to Mr. Arthur the causes of removal, which are stated substantially thus by Mr. Sherman: That gross abuses had continued and increased during Mr. Arthur's administration; that persons were paid who rendered little or no service; office expense was increased and revenue diminished;

bribes were received by subordinates; want of co-operation with efforts to correct these abuses. Still, Mr. Arthur made serious complaints of the injustice of his removal. Then Mr. Sherman offered inducements for him to resign, but he declined, lest it might seem to be a confession of guilt.

After the rejection of the nominations, Mr. Arthur continuing in office, every effort was made by the Department to secure his co-operation in needed reforms, but without success.

That the reader may have a full view of the evils to be cured in New York, as well as the importance of a remedy, some of the evidences are here recited as they were reported to the Department.

As to gratuities in the nature of bribes: "The evidence taken shows that most of the witnesses who were interrogated on this point, testified that gratuities were constantly received. It was in testimony with regard to inspectors, that they were anxious to be sent to discharge steamers, rather than sailing vessels, because they were paid by the owners of the steamships a gratuity of from ten to fifty dollars, technically called 'house money.' The agent of one of these lines stated that thirty dollars was paid to each inspector, discharging their steamers, as 'house money.' The agent of another testified that perquisites were constantly paid to inspectors for discharging vessels; that the shorter the time the vessel was to be in port, the larger the amount paid; that the inspectors received a gratuity for permitting the vessel to discharge before the custom house permit reached the ship; that if these fees were not paid, the inspector had it in his power to delay the vessel in many ways; and that it was merely a question between the owner and the inspector as to how much it was worth to the former to obtain these facilities—that is,

whether it was cheaper to pay the inspector a gratuity for obtaining these facilities, than to have him stand upon the strict letter of the law, and throw obstructions in his way. It was also in testimony that other irregular fees were constantly received by inspectors, called 'hatchets' and 'bones'—'hatchets' being fees received from merchants for the privilege of holding their goods on the dock, instead of going into the general order store at once; and 'bones' being fees paid by passengers for favors extended to them at the examination of their baggage. With regard to weighers, it was testified that there was a complete list of irregular fees adopted by all of them, to be exacted of merchants for supplying copies of weights. These fees ranged from two cents to thirty cents a ton for weighing iron and other metals, and a schedule upon which the foreman of the weighers was accustomed to make the demand, shows in detail the amount to be collected upon each barrel, package and bag, upon rice, sugar, and many other articles. It was also distinctly testified that the collector's entry clerks received fifteen cents for each entry, and the naval officer's clerks ten cents for each entry, from brokers and merchants, for facilities in passing the entries. The receipt of these irregular fees by entry, withdrawal, export entry and refund clerks, was afterward fully shown from the books of the custom-house brokers.

"In addition to all this, it is clear from letters addressed to the Jay Commission by the collector, naval officer and surveyor, in regard to this very question, that the practice of taking illegal fees was well known."—Secretary Sherman's Letter to the President, January 31, 1879.

The following is quoted, as one out of many instances, from the same letter:

"In a case which has come to light since the retirement

of Mr. Arthur, it has been shown that goods upon which the duties amounted to \$120,000, were delivered to the parties without the payment of any duties to the Government, and in a suit to recover these duties, it is claimed by the importers, that the unlawful delivery was due to negligence, or something worse, on the part of the custom-house officers under the charge of Mr. Arthur."

Now the question comes with pertinency, What was the reward that induced the officers to omit collecting duties of the same parties, to such an amount? It could not have been permitted without a consideration; and where there was so much bribery, there very likely might have been more. It is easier to believe so than that the officers would permit such an amount of goods to pass unnoticed.

Now if such corruption were allowed to pass unrebuked and unchecked in the custom-house of New York, it must every where. If permitted in the revenue department, it will be practiced in all others. If the executive officers are baffled in putting down corruption there, the whole country is diseased at its very heart. Then what were the value of all that had been so dearly bought in the war for the Union, the four thousand millions of treasure, the half million lives, the sacrifice of such men as Lincoln, Stanton, McPherson, and others, who died to save the nation? What were the value of resumption, or refunding, or silver, or gold, if all were to become one vast, seething pool of corruption? If that were to be tolerated, better let the Republic perish at once. The sooner it were to come to an end, the less harm it would be able to do. This victory of the present administration must, therefore, be achieved, or the avails of all the others must become worthless. The victory over the New York custom-house was the crowning one of a long series, and essential to the

value of all the rest; and, as has already been shown, required a sterner kind of courage, and a more resolute will, than any of the rest. There was no excitement of a battle-field, no stimulus of martial glory, nothing but resolute wills. Such were those of President Hayes and Secretary Sherman. By their resolution the country has been saved again. Let the heroes be duly honored. In a pecuniary sense, all the people of this country, every man, woman and child, have been benefited; for all the extra cost laid out in bribes, was assessed, of course, by the merchants upon their goods, and the people had it to pay. Revenues stolen from the Government, of course, required increased levies therefor in future. So that the fourteen millions per annum that is saved in the shape of interest, in consequence of refunding the debt, is only a part of what has been saved to the people by the efforts, the courage, and skill of the present Minister of Finance, and the President that has sustained him. In all the future honors bestowed upon him, let this be put down among the chief.

One item in the money value of this victory is, the immensely increased revenues from import duties, as well as a great diminution in the expense of collection.

A fitting close to this as showing the unflinching adherence of the Secretary to what he deems right and best, is the following incident which came accidentally to the knowledge of the writer, and shows how persistently Secretary Sherman has watched over and guarded the Treasury.

An acquaintance from Mansfield was in his office at Washington, when some one came in with a claim of a million dollars or more, saying it had been regularly passed upon by the proper officers, and it only needed his signature to order its payment. Said the Secretary: "It is an illegal claim, and I can not pay it." "But it has been

regularly allowed, and must be paid." "I know the law," said Mr. Sherman; "I helped make it, and I know what it means, and I shall not pay it." "Perhaps the President will order it paid." "It may be. Try him, and see." The applicant consulted the President, who said, "That is the Secretary's business, not mine." After the man left, the Secretary said, "The President will not order it paid. If he does, I am on my way to Mansfield in less than a week, for I never *will* pay it."

## CHAPTER XVIII.

### THE PORTLAND SPEECH—FINANCIAL CONDITION IN 1873.

In the fall of 1873 there happened a financial panic, out of which most of the economic questions upon which we are now divided naturally sprung. We must understand the actual condition of things when this occurred, in order to discuss with intelligence the measures that have been proposed and executed, and the questions that still remain open for decision. Our money then was paper money, irredeemable in coin, and worth about eighty-seven cents on the dollar. The amount outstanding was larger than ever before. Sometimes this has been disputed by counting as money, at the close of the war, all the compound-interest notes and seven-thirty treasury notes. These were no more current money than the six per cent. bonds into which they were converted. Both bore interest, and were always above par in paper money, and were held as investments, not as currency. The amount of paper money outstanding, excluding all interest-bearing notes, June 30, 1865, was \$747,223,895.76. The amount on the 30th of June, 1873, just before the panic, was \$749,410,863.94, while on the 30th of June, 1874, after the panic, it was \$780,918,081.17.

Again, the rate of interest was higher in 1873 than before or since. Before the panic the body of the Government debt bore interest at 6 per cent. in gold; corporations, in fair credit, paid 8 to 10 per cent.; and individuals—especially in the West—mortgaged their farms at from 10 to 12 per cent. The current rate of interest may be said to have been 10 per cent.

The utmost recklessness in contracting debts was then universal,

not only by individuals, but by cities, counties, towns, and all kinds of private corporations. It was an era of wild and reckless waste and improvidence.

In those speculative times the tonnage of American vessels in foreign trade dwindled from 2,379,396 in 1860, to 1,378,533 tons in 1873. Wherever we were brought in competition with countries doing business upon a specie basis, we were driven from competition, either on the ocean or in workshops.

Railroads were built where they were not needed, in advance of settlements; furnaces were put up in excess of all possible permanent demand, and over-production and over-trading occurred in all branches of business.

The balance of trade with foreign countries had been for a series of years steadily against us. From 1863 to 1873 the excess of imports over exports was \$1,086,410,587, and from 1869 to 1873 \$554,052,607.

I am not able to give you the amount of private and corporate indebtedness contracted in foreign countries during these years of reckless speculation, but it was probably equal to or in excess of the balance of trade against us. We then enjoyed the prosperity of a profligate while wasting his inheritance, or the happiness of a drunkard while on a spree.

The panic of 1873 called a halt, and, as by a stroke, paralyzed all domestic industry, and bankruptcy and ruin spread from corporations to individuals, and property was unsalable except at prices far below its value.

It is hardly worth while for us to enter into the discussion of the causes of this calamity. Honest men would differ about it. Some attribute it to the waste of the war, some to the over-production that followed the waste of the war; some to irredeemable paper money. But whatever may have been the cause, the calamity was admitted by all to be wide-reaching and long-continued. It affected foreign nations much more severely than our own. Every nation in Europe suffered as much or more than the United States. The industries of Great Britain were paralyzed. Our earlier recovery from this stagnation is due to our vast territory and undeveloped resources, and the natural energy of a young and vigorous nation.

## THE RESUMPTION ACT.

When Congress met in December, 1873, it undertook to find a remedy for these evils, and for a year we had discussions in Congress, in the press, and among the people, as to how best to relieve our distresses, and restore our industries to solid foundation. In the course of this discussion the people naturally divided. On the one hand, it was insisted that the true remedy was to inflate the currency by a large increase of paper money, and, with that view, \$26,000,000 in United States notes were thrown upon the market. On the other hand, it was insisted that the only hope for relief was to return to a specie basis, and to advance all forms of currency to that standard.

In January, 1875, and during the second session of Congress, eighteen months after the panic, the measure known as the Resumption Act was adopted by a majority of both branches, and approved by the President. This was a Republican measure; for, though many Democrats favored resumption, yet party discipline, and the hope of party advantage, induced every one of them to vote against the Resumption Act. This measure was a very simple one, containing but two propositions—one was that silver coin should be gradually issued for the redemption of fractional currency, and the other was that on January 1, 1879, the National Treasury should redeem, in coin, any United States notes that were presented. This act was not to take effect, in its material provision, until four years from the date of its passage. Steps were taken by Secretary Bristow and your distinguished townsmen, Secretary Morrill, for the gradual replacement of fractional currency by silver coin; but, until the spring of 1877, no material preparation was or could well have been made for the redemption of United States notes, which continued to be depreciated, being worth only 89 to 94 cents in coin. A widespread feeling prevailed that resumption was impossible, that it would not bring better times, and the country continued to suffer the tortures of the panic of 1873.

During the whole of 1876 and 1877 the Resumption Act was made the subject of denunciation. The absurd notion was put forward that it was the cause of the hard times, though no material action had been taken under it, and the hard times came

eighteen months before the Resumption Act passed. All sorts of prophecies were made of its failure. We were told that the Resumption Act was a sham; that it was a hindrance to resumption; that the attempt to accumulate coin would put up its price; that it would be worth \$50,000 to be on the right of the line on the day of resumption; that resumption was impossible; that it would prostrate industry; that it would stop the sale of bonds; that it would raise the rate of interest for the benefit of the bond-holders, shvlocks, and capitalists.

The Democratic party, in its platform adopted in St. Louis in 1876, while pretending to be for resumption, denounced the Republican party because it had made no preparation for it, but, instead, had obstructed it by wasting our resources and exhausting all surplus income, and because, while annually professing to intend a speedy return to specie payments, it had annually enacted fresh hindrances thereto. It denounced the Resumption Act of 1875 as such a hindrance, and demanded its repeal.

Mr. Ewing, of Ohio, and Mr. Voorhees, of Indiana, with others, made a minority report, in which they declared that the law for the resumption of specie payments on the 1st of January, 1879, having been enacted by the Republican party without deliberation in Congress or discussion before the people, and, being so inadequate to secure its object, was highly injurious to the business of the country, and ought to be forthwith repealed.

Mr. Tilden, in his letter of acceptance, indorsed this doctrine, and, at the same time, declared himself for a speedy return to specie payments, saying: "The Government ought not to speculate on its own dishonor in order to save interest on its broken promises, which it still compels private dealers to accept at a fictitious par."

I will read some of the prophecies made by very distinguished gentlemen in regard to the Resumption Act.

General Ewing, in the House of Representatives, November 22, 1877, said:

"If we were wholly out of debt to Europe, if our foreign commerce floated under our own flag, if there were no system of absenteeism among our wealthy classes, expending their wealth abroad resumption in gold, or even gold and silver, would be

impossible on our present volume of paper currency for many years to come. . . . The national banks, the importers, the gold rings in New York, the desperadoes of Wall Street, the money kings of Europe, to whom we are financially enslaved, *they* will present the greenbacks for redemption and destruction as fast as the gold can be paid over the counters of the Treasury."

Senator Coke, in the United States Senate, May 14, 1878, said:

"It is better, Mr. President, that we bide our time, and turn back from the frightful abyss of ruin which yawns across the pathway to resumption. The experiment must end in failure, and must engulf the country in a lower deep of misery than it has yet fathomed. The bulk of the State, private, and savings banks, with their vast sum of the people's deposits, must go by the board by reason of the insufficiency of their reserves, and many of the national banks must fall from the same cause. In this general crash the whole system, from the Treasury down, must succumb. It is simply a question of time, for this result must occur, and in my judgment the time will be very short after the 1st day of January next."

On the 15th of November, 1877, my old friend, Judge Kelley, of Pennsylvania, in the House of Representatives, said:

. . . "But, gentlemen, the worst has not yet come if this act is to be maintained. And I tell you—and you may book it to jeer and scoff at me fifteen months hence if it prove not to be a true prediction—the suffering we have endured during the three years this law has been in existence, is like the chill which embellishes while it blasts with feathered frosts the leaves and flowers of the tropical plants that surround the homes of our extreme southern States, compared with the arctic cold that builds up the mountainous iceberg, which chills the summer atmosphere of our east as it passes near our shores."

I have no desire to jeer or scoff at a gentleman whom I sincerely respect, although near two years ago he gave us authority to do so, if he proved to be a false prophet.

Mr. Muldrow said, in the House of Representatives, November 16, 1877:

"The act gives the Secretary of the Treasury the power to sell bonds, so as to obtain gold to redeem the greenbacks and frac-

tional currency; but there is no such provision in regard to the national bank issues. The practical working of the law will be the absorption and retirement of the greenbacks and the issuance in their stead of irredeemable national bank notes. No man with any financial sagacity can believe that the national banks will be able to redeem their circulating currency with coin in January, 1879."

Mr. Buckner, chairman of the Committee of Banking and Currency, said on the 16th of November, 1877:

"I have not been able to find one man, learned or unlearned, capitalist or laborer, merchant or farmer, who believes resumption possible or practicable. Perhaps the Secretary of the Treasury is an exception."

I might quote for days the warnings and evil prophecies of our Democratic and Greenback friends, but they have been so recently made that it is scarcely necessary. On the other hand, the supporters of this measure insisted that resumption was not only possible, but easy; that the accumulation of coin would lower its price, improve the public credit, increase the sale of four per cent. bonds; and that when the funds should be sufficient to inspire confidence in the ability to resume, resumption would be a tranquil and easy passage, the sure forerunner of hopeful prosperity. They also believed that it would lessen the burden of the public debt, and lower the rate of interest not only to the public, but to private individuals.

#### SUCCESS OF RESUMPTION.

Let us now examine which of these opposing opinions has been proved to be true by the test of experience.

The success of resumption depended entirely upon the ability of the United States, by the time fixed, to accumulate in the Treasury an amount of coin sufficient to meet any demands likely to be made upon it. This coin could only be obtained by surplus revenue, or by the sale of United States bonds, full authority for which was given by the resumption act. In April, 1877, it was announced by the administration that from the 1st of May the Treasury Department would accumulate coin at the rate of \$5,000,000 a month, and accordingly that sum was set aside from the sale of 4½ per cent. bonds, up to the 1st of July.

The very announcement of the purpose to resume, with a definite plan of resumption, at once had a reviving effect upon the public credit, increasing the sale of 4½ per cent. bonds. This induced the Treasury Department, on the 23d day of May, 1877, to withdraw the 4½ per cent. bonds, and on the 9th of June, 1877, to place the 4 per cents upon the market to be sold at par in coin, both for refunding and resumption purposes. This was a critical experiment, the expediency of which was gravely doubted by many friends of resumption, but it proved a perfect success. This course was pursued until November, the price of coin constantly declining and confidence steadily improving, when Congress met, and a bill speedily passed the House of Representatives to repeal the resumption act. This and other proposed measures affected seriously the public credit, and stopped the sale of bonds as with a clamp. An examination of financial problems by the committees of both Houses and the debates in Congress caused the Senate to refuse to pass the bill for the repeal of the resumption act, and finally prevented the passage of any bill that would cripple that act, and left the Executive authority to pursue its duty as prescribed therein.

On April 11, 1878, the Department was again able to resume its policy of purchasing coin by the sale of 4½ per cent. bonds, and shortly afterwards to commence the sale of 4 per cents for refunding purposes, and this policy was steadily pursued to the end. During the process, coin constantly declined and the sale of 4 per cent. bonds steadily increased. In 1878 we sold \$50,000,000 4½ per cent. bonds at a premium of 1½ per cent., and \$128,685,450 4 per cent. bonds at par. Ninety million dollars of the proceeds of bonds sold in 1877 and 1878 were held in coin as a part of the resumption fund, and the balance was applied to the payment of 6 per cent. five-twenty bonds. At the end of the year 1878, and before Congress had convened, we had thus accumulated, including surplus revenue, a coin reserve of \$138,000,000. Resumption had practically come one month before the day fixed by law, as quietly and tranquilly as a vessel would float from the river into the ocean. Our notes were no longer at a discount. They were at par with coin. The same money was paid to the laborer, the farmer, and the bond-holder, and all as good as the best coin issued from the mint. On the 1st day of January, and on every day since, both

gold and silver have been ready, and have been paid to every holder of a greenback who desired it. So complete was the success of resumption that all the notes presented for redemption since the 1st of January, and prior to the 1st of July, amount to \$7,976,698, while gold coin has been freely deposited in the Treasury, in exchange for United States notes. The total amount of gold coin and bullion in the Treasury on the 2d day of January, 1879, was \$135,382,639.42. On the 1st day of this month the amount of such coin and bullion was \$135,436,474.62; and the amount of silver dollars has increased from \$16,697,338 in January to \$28,147,354 July 1st.

The law provided for the redemption of United States notes only at the sub-treasury at New York, and captious critics, who said that resumption was a sham, objected that notes were not redeemed in other parts of the United States. But, in fact, resumption did occur in all parts of the United States; and in the far west, and in California, greenbacks rose to and are now at a premium. To remove the complaints of a few persons, that they could not get gold coin in Philadelphia and other cities, the Treasury has supplied the demand for gold coin wherever it has arisen; but United States notes being redeemable in coin, are so much more convenient for all the uses of life that, in practice, they are preferred everywhere, and are now in full circulation and credit, not only in every part of the United States, but in every leading European city, and in the islands of the Pacific ocean.

#### RESUMPTION NOT AIDED BY CONGRESS.

No assistance whatever was extended by Congress in aid of resumption. On the contrary, it increased the minimum of United States notes, upon which resumption was to be maintained, from \$300,000,000 to \$316,681,016. It recently required the redemption of fractional coin as well as United States notes. By pending measures of the most dangerous character, and by continual agitation, it greatly disturbed the public credit, and made the task of the Department much more difficult and its means much less. It reduced the revenue from taxes on tobacco to the extent of eight or nine millions annually. It largely increased the aggregate of appropriations.

The annual appropriations for the fiscal years ending June 30, 1878, 1879, and 1880, exclusive of appropriations for public debt and other permanent appropriations, were as follows:

1878,	114,069,483 13
1879,	146,304,309 21
1880,	161,868,934 00

While Congress reduced the revenues and increased appropriations, it neither levied new taxes nor gave authority to borrow money to meet these extraordinary demands, but used the sinking-fund which was specifically set aside by law for the reduction of the public debt; thus arresting the established policy of the Republican party of yearly reducing the debt.

In the last session it appropriated \$26,800,000 for arrears of pensions, debts due a most worthy class of citizens, but provided no means for their payment. It applied for this purpose the fund in the Treasury provided by law for the redemption of fractional currency, leaving this form of debt to be paid out of current revenue. Fortunately, the increase of revenue caused by resumption and reviving industries will, I hope, enable the Treasury to pay every dollar appropriated for arrears of pensions by the first of January next, without any other increase of the public debt than that caused by the temporary application of the fund for the redemption of fractional currency. The ability to pay these demands is largely due to economies effected in collecting the customs duties and other executive savings.

#### RESULTS OF RESUMPTION.

Let us now see what have been the legitimate results of resumption.

Since the 1st of January, and prior to the 1st of July, 1879, we have paid about \$1,000,000 coin certificates with United States notes, and have paid \$119,501,109.93 United States bonds with United States notes. Of the enormous sum of called bonds paid by the Treasury, so far as is known, not a dollar has been demanded in coin, and thus by resumption we have paid, and are paying daily, the five-twenty and ten-forty bonds in currency.

Prior to definite preparations for resumption, it was impossible

to sell four per cent. bonds of the United States at par in coin. After such preparations we were able to sell in 1877, \$75,000,000 four per cents., and in 1878, \$128,685,450; but the moment that resumption was complete, the sale of bonds increased with unexpected rapidity. We sold in the month of January, 1879, \$158,901,100, and in the month of February, \$90,101,750. In the month of March the sales fell to \$20,821,100, chiefly by reason of a fear that the enormous payments required under the refunding act during the months of April and May would create a disturbance in the money market, but this fear having been dissipated, by the 1st of April the sales were rapidly resumed, and in four days they amounted to \$73,252,300, enough to cover and pay off all the outstanding five-twenty bonds of the United States. Thus, as the first fruit of resumption, within one hundred days after its coming, we sold \$363,110,250 four per cent. bonds, with which to pay an equal amount of six per cent. bonds, securing a saving of \$6,862,205 a year. Nor is this all. There were outstanding at that time \$191,566,300 five per cent. ten-forty bonds, redeemable at the pleasure of the United States. To pay off these bonds the Treasury Department offered \$150,000,000 four per cent. bonds at a premium of one-half of one per cent., the residue to be paid from the proceeds of ten-dollar refunding certificates or the direct exchange of bonds. Pending the preparation of this offer, it was greatly doubted whether the Department was justified in demanding a premium, but as these were the last bonds that could be offered within two years I then thought a premium could be secured, and would have demanded a higher rate but that the law required the refunding certificates to be exchanged at par for lawful money. These refunding certificates were designed to furnish an easy opportunity for persons of limited means to invest their savings in small sums, and were of great importance, not only for the convenience of all classes of our people, but to interest them in the advantages and stability of the public debt. Within two days the whole \$150,000,000 bonds were sold upon the terms stated, and offers were made for the whole of the refunding certificates, which offers were declined, and the certificates were sold by postal money-order offices throughout the United States, and were eagerly taken in sums of one hundred dollars.

This closed all the refunding operations authorized by law, for there are no other bonds that can now be redeemed, except by purchase in the open market at their market value.

The annual saving in the interest-charge, effected by these refunding operations, since the 1st of January last, is \$8,810,468, and since the 1st of March, 1877, to the present time, \$11,297,177.

Sometimes complaint has been made that, during this process of refunding, the amount of interest-bearing debt was temporarily increased, and that interest was paid on two sets of bonds at the same time. This, from the nature of things, was unavoidable under the provisions of the refunding act of 1870. By that act before any bond can be redeemed, notice must be given for the period of three months. Before that notice can be given, bonds have to be sold and the money either collected or secured, and this process necessarily involves the payment of interest for three months, not only upon the bonds sold, but upon those to be redeemed. Advantage was taken of this fact to unjustly arraign the Department for a matter beyond its control. A constant outcry was made that the interest-bearing debt was being increased. The debt statement would necessarily show that, during the three months, two sets of bonds were outstanding, but it would show also that the money was in the Treasury, and this being deducted would leave the balance of the debt as before. Thus, if you owe a thousand dollars, with the right to pay it at your pleasure, and borrow money for that purpose, you will have two notes outstanding at the same time until you can apply the borrowed money to the payment of the first note.

This is precisely the condition the United States was in when borrowing money to pay outstanding bonds. The debt statement of July 1 shows as part of the public debt the whole of the ten-forty bonds, and also the whole of the bonds issued for their payment, but also shows the money in the Treasury to pay them. In the next debt statement the ten-forties will disappear, or such as are unpaid will appear among the debt bearing no interest. The cash in the Treasury will also decrease accordingly. I thought the notice required by the law was entirely too long, and in my annual report to Congress, Democratic in both branches, earnestly urged a shortening of the period to thirty days or less, in order to

save this double interest, but the recommendation was declined or ignored. If any one is to be held responsible for the double interest it should be Congress. In justice to the Department, it is but fair to state that all the loans negotiated for the last two years have been on more favorable terms than any loans ever made by the United States. They were generally made by popular subscriptions by the people directly. The saving from the amount allowed for the expense of negotiating the loan is over \$1,100,000, and the premium exacted on  $1\frac{1}{2}$  and 4 per cent. bonds amounts to \$1,86,948.25. I can say without fear of contradiction, that no nation ever negotiated its loans at a less cost or on as favorable terms. The sales of the famous 3 per cent. consols of England, when made, were on far less advantageous terms than the United States was able to secure after accomplishing resumption.

The resumption of specie payments has had the same beneficial effect upon the business of private citizens. The reduction of interest on the public debt has made it possible to reduce the rate on all debts, whether State, corporation, or private. Nothing is more certain than that irredeemable money necessarily leads to the increase of the rate of interest. The first effect of its issue is to reduce the rate of interest and to advance prices. If not redeemable in coin it depreciates in value, and more of it is necessary to conduct business. It causes overtrading and speculation, not only as to the prices of commodities, but as to its own value. This is soon shown in the advance of the rate of interest, and what is called a scarcity of money. This general rule is stated by such old writers as Adam Smith and Thomas Tooke, and is fully verified by the rate of interest before the panic and since resumption. Private debts are now being rapidly reduced from 10 to 8, and even to 6 per cent.

The State of New York has, by law, reduced the rate of interest in that State from 7 to 6 per cent. The city of Providence sold  $1\frac{1}{2}$  per cent. bonds at above par. The State of Pennsylvania sold \$2,000,000 4 per cent. bonds at above par. The city of New York sold 5 per cent. bridge bonds at 105,76. Five million dollars of Denver and Rio Grande Railway Company 7 per cent. bonds were subscribed in two hours—the first time for years that money has

been pledged for building a railroad. All securities have advanced since January 1 at the average rate of 10 per cent. Mortgages at from 8 to 10 per cent. are daily being reduced to from 6 to 8 per cent. Capital is again seeking investment in any safe securities that offer.

With the first decided preparations for resumption there came slowly a revival of business; with the success of resumption, that revival is marked in nearly every branch of industry.

I do not propose to weary you with a mass of statistics, but will only state the general results with regard to a few leading branches of American industry.

The increase of our exports of domestic merchandise since the period of the panic, is without example in our history. In the year ending June 30, 1873, the amount of our exports was \$505,633,439. In the year ending June 1, 1879, the amount of our exports was \$699,618,933. In the five years preceding the panic our exports were \$2,013,702,648; and during the past five years they were \$2,999,197,652.

The net imports of merchandise decreased from \$624,687,727 during the year 1873, to \$422,895,064 in 1878, or 32 per cent.; whereas the value of our exports of merchandise, representing mainly our agricultural and manufacturing products, increased from \$505,633,439 in 1873, to \$680,709,268 in 1878, or 35 per cent.

It may be stated generally that the internal commerce of the country shows a gradual increase of traffic since 1873—the improvement during the last year having been more rapid than during any preceding year since 1873. The tonnage of the great railroads from the East to the West, the most important highways of commerce in this country, shows an increase since 1873 of 37½ per cent. The production of wheat and corn, the two leading cereal products of the country, which constitute the principal part of our exports of breadstuffs, indicates during the last year a large increase over the production of 1873. The production of corn in 1873, was 932,000,000 bushels; in 1878, about 1,390,000,000. Production of wheat in 1873, 281,000,000; in 1878, about 425,000,000.

The cotton crop of the United States, during the year 1878, was larger than any previous crop in the history of the country. Our

exports of cotton increased from 1,200,000,000 pounds in 1873, to 1,608,000,000 pounds in 1878.

The quantity of wool produced, increased from 158,000,000 pounds in 1873, to 207,000,000 in 1878. The total amount which went into consumption, including domestic production and imports, representing the manufacture of woolen goods in the United States, increased from 256,000,000 pounds in 1873, to 219,000,000 pounds in 1878.

Even our shipping interests, engaged in foreign trade—the industry most depressed—show some signs of hopefulness. Ships and barks are the classes of sailing vessels principally employed in foreign trade. The average number of vessels of these two classes built during each of the years 1847 to 1858, inclusive, was 218, but during the year 1871 the number was only 40; in 1872, only 15; and in 1873, only 28. Since that time, however, there has been a considerable improvement, the average number built during each of the last five years being a little more than 82.

The total tonnage of American vessels engaged in foreign traffic, which, as I have already stated, fell from 2,379,396 tons in 1860, to 1,375,533 tons in 1873, has since that time increased to 1,589,318 tons in 1878.

Another indication of increased business is derived from a statement of the exchanges at the twenty-two clearing-houses in the chief cities in the Union, from which it appears that for the first five months of the year ending June 30, 1878, the amount of exchanges in those cities was \$11,936,373,271, and for the same period of 1879, it was \$11,350,492,229, showing an increase of 20.2 per cent, this year.

I might extend this statistical information to almost every department of industry or business, but it is scarcely worth while, because the general concurring sentiment of the whole public is that, while we have not yet recovered from the languor of the panic of 1873, yet, under the inspiring influence of specie payments, the worst is past, and we are now improving in every branch of industry. I am not foolish enough to attribute all these signs to the act of resumption. No doubt it is largely due to the habits of thrift, economy, and industry which necessarily followed the depression of business, largely to the migration of people thrown out

of employment who have found homes in the West, but mainly to the recuperative energies of a vigorous, industrious, and active people. What I wish to prove is, that resumption—the restoration of our currency to the coin standard—contributed to these beneficial results, and it belied all the false prophecies made as to its effect.

I have thus stated my view of the successful execution of the policy of resumption, and of the beneficial results in the reduction of interest on the public debt and the general improvement of business.

#### OPPONENTS TO RESUMPTION.

Now, let us examine the specific complaints of our fellow-citizens who have been heretofore opposed to resumption and to the entire financial policy of the Republican party.

Of what do they complain?

First, they said resumption would contract the currency—that we would have nothing but coin in circulation. This I have shown to be entirely delusive. The Resumption Act provided for no contraction of the currency, but United States notes were to be retired only as a greater amount of bank notes were issued. The only contraction that has occurred since the passage of the Resumption Act has been by the voluntary withdrawal by national banks of a portion of their circulation when they found it could not be profitably employed in business. Every act done under the Resumption Act tended to increase rather than diminish circulation; and now, that all this circulation is at par with gold, the coin itself becomes an important factor in the volume of circulation, and swells the amount that is available for the transaction of business.

The amount of coin and currency in circulation the 1st instant was as follows:

United States notes,	\$346,681,016
Fractional currency,	15,812,605
Certificates,	17,880,650
Bank notes,	329,691,697
Total,	\$710,095,968
Coin, estimated,	\$332,443,947

Showing an aggregate of \$1,012,539,915, or \$21 11 per inhabitant.

The amount of national bank notes has actually increased since 1st of January in the sum of \$5,900,023, so that the result of resumption has been to increase instead of diminish the actual circulation.

Again, they demanded that the bonds should be paid in greenbacks. There was a question, upon which honest men fairly differed, whether the five-twenty bonds were not properly payable in United States notes. They insisted that this should be done, though the payment of the bonds in greenbacks would have increased their issue, in violation of the limit of \$100,000,000 prescribed by the loan laws, and would thus have kept United States notes in perpetual dishonor and depreciation; but now they have been so paid by resumption. All the five-twenty and ten-forty bonds redeemed this year, amounting to \$537,676,550, have been paid in greenbacks, and the interest on all the bonds is paid in greenbacks, and all this is done without raising any question of good faith with the public creditors.

They also demanded that the customs duties should be paid in greenbacks. This is now daily done, without question, as the result of resumption.

We receive United States notes for all purposes and all demands, and pay them out for all purposes and on all demands. Resumption has enabled us to do this. It has accomplished every object which the greenbackers sought to accomplish by the repeal of the Resumption Act. Should they not be content? What more do they want? Are not we, who have brought about these results, better entitled to the name of greenbackers than they who would forever keep the greenback as a dishonored and irredeemable note? We presided over the birth of the greenbacks, and guarded them in the cradle. The Democratic leaders denounced them as a fraud, with the mark of Cain on their brow, as worthless, to be bought some day by the cord. We have crowned them with honor. They are no longer depreciated, but may travel the circuit of the world equal to the best coin ever issued from the mint.

The policy of the modern greenbacker is to depreciate the

greenback, to destroy its purchasing power, to make it depend, not upon the intrinsic value of the coin into which it can be converted, but upon some imaginary value given to it by law. The people of Maine will have to choose between those greenbackers who strictly preserve the national faith, seek to maintain the greenback at par with coin, and those who, with utter disregard of the public faith, wish to restore the old state of affairs when the greenback could only be passed at a discount, and could neither be received for customs duties nor be paid upon the public debt. They would revive the old distinction between the bond-holder and the note-holder, when a 100-cent gold dollar was paid to the bond-holder and an 80-cent irredeemable note was the pay of the laborer. We would have one money for all, and that good money, each dollar of which will buy 100 cents' worth of food and clothing.

One would suppose, fellow-citizens, that our greenback friends, after all their prophecies had been proven to be false alarms, after we have secured and enjoyed for a brief period the blessings of a sound currency redeemable in coin, would be content to let well enough alone; but, dropping the resumption act, they come to the front with a new set of dogmas, and invite on them a contest with the Republican party.

Perhaps the fairest way in which I can reply to them is by first quoting the platforms of their party in Maine and Ohio, where the chief political contests of this year are to be fought. The first clause of the Maine platform is as follows:

"The convention congratulates the people of Maine that the increase of coin and bonded indebtedness of the Government, in time of profound peace, from \$1,100,000,000 in 1865, to \$2,000,000,000 in 1879, is a fact so startling as to alarm every friend of the country; that the reduction of the rate of coin interest and at the same time increasing the principal to such an amount as to vastly increase the coin interest continually, under the pretext of economy, by the reduction of the rate of interest, is such a fraud upon the people as to merit the most severe condemnation."

This is a curious medley of deceptive statements, the purpose of which would seem to be to show that the public debt was increased, in a time of profound peace, from \$1,100,000,000 in 1865, to

\$2,000,000,000 in 1879, while, in truth and in fact, the interest-bearing debt, in 1865, was \$2,381,530,291.96, and now, that the refunding operations are completed, it is \$1,797,613,700. It is true that the debt, in 1865, was not all payable in coin; \$217,024,160 was in the form of compound-interest notes bearing 6 per cent. compound interest, and \$830,000,000 was payable in treasury notes bearing currency interest at the rate of  $7\frac{1}{2}$  per cent.; but the latter, having matured, was converted eleven years ago into 6 per cent. coin-bonds, a decrease of the rate of interest of  $1\frac{1}{2}$  per cent. In fact, the interest-bearing debt has been reduced, since 1865, in the sum of \$583,886,591.96, and the annual interest charge on this debt has been reduced from \$150,977,697.87 to \$83,773,778.50.

The statement, as made, would be absolutely false but for the equivocation upon the words "coin interest."

Now all our interest, though nominally payable in coin, is, in fact, paid in currency. Our friends, who never mislead, or hardly ever, make their statement technically true, but really false, for the interest-bearing debt has been reduced near \$600,000,000 and the yearly interest \$67,000,000.

Exactly how our greenback friends can say that the reduction of the rate of interest, under the pretext of economy, "is such a fraud on the people as to merit the most severe condemnation," is past finding out. The truth is that the intelligent commercial world, except only the greenbackers, has been full of praise and wonder at the remarkable success of the Government of the United States in the reduction of its debt and interest. No nation in the world, in ancient or in modern times, has, in so short a period, so greatly reduced the immense burden of debt that weighed upon us at the close of the war as we have; so that now the tax on whisky and tobacco will more than pay the entire interest of the public debt.

But they say that this administration has increased the interest-bearing debt, and they point to the monthly debt statement for proof. I have already explained how this was temporarily done in the process of refunding the debt. But on the debt statements hereafter the ten-forty and five-twenty bonds will disappear or cease to bear interest; so that our greenback friends will not,

hereafter, be misled by this operation nor be able to mislead others.

Again, they resolve as follows:

"That we favor the unlimited coinage of gold and silver, to be supplemented by full legal-tender paper money sufficient to transact the business of the country."

We have now unlimited coinage of gold, and there is but little, if any, objection to an unlimited coinage of silver at its market value.

To quote from Mr. Grochen:

"It was for the interest of commerce generally, both in India and Europe, that the whole of our commercial transactions should be based upon an aggregate of silver and gold together, rather than that it should rest only upon gold."

This was the view taken by Hamilton and Jefferson. But to secure such a basis the coinage ratio must be the market ratio. Free coinage of silver at the ratio of 16 to 1 means the single standard of silver. What we object to is the coinage of a silver dollar which is worth only eighty-five cents, and which thus will demonetize gold and leave us only silver as the basis of our coinage. Silver coin has been made the football of demagogues, until now many persons are led to believe that the Republican party is opposed to the coinage of silver, while it was the Republican party, and the resumption act itself, that provided for the recoinage of silver, introduced it into current use in place of the fractional currency, and stands ready now to coin it without limit at its market ratio to gold, while the greenback element wishes to coin a silver dollar worth only on the average eighty-five cents, and with a view to cheapen money, to impair contracts, and to banish gold. They refuse to recognize the fact, acknowledged by all the world beside, that, by the law of trade, silver has depreciated in comparative value with gold, and that the silver dollar of twenty years ago is now intrinsically worth fifteen per cent. less, compared with gold, than it was then. We have tried the experiment of coining the silver dollar since it was authorized in 1878, and have coined \$35,801,000. Every effort has been made to put it in circulation without forcing it upon unwilling persons, but the Treasury Department has only been able to issue \$13,359,942, of which

\$6,518,912 have been since returned to the Treasury. The sensible course to be pursued with the silver question is to treat it as a practical one, and to coin it without limit only when the commercial nations have agreed upon a market ratio upon which they can all stand. It is now believed that this can be brought about by commercial treaties, and a negotiation is now pending for that purpose. In the meantime, silver coin should be limited in amount to a sum that can be maintained at par with gold coin irrespective of its value. As to supplementing the coinage by full legal-tender paper money sufficient to transact the business of the country, this is all well enough, except that the amount should be limited to that amount which can be maintained at par in coin; otherwise you have paper money fluctuating in value, variable as the shade, and a recurrence of all the evils which we have suffered since the panic. There is but one way of testing the amount of paper money that is sufficient to transact the business of the country, and that is by its convertibility into coin on the demand of the holder.

Again, they say that they favor the immediate use of the coin in the Treasury for the reduction of the bonded debt.

This proposition is the purest demagogism, unless it is desirable to have irredeemable paper money depending for its value only upon the mandate of the Government, or what is called fiat money. If we propose to redeem our money, we must have in the Treasury coin sufficient to meet any sudden demand. The larger the amount and the greater the certainty of redemption when demanded, the less demand there will be. As a matter of course, by holding this coin in the Treasury we lose the interest that might be saved by its application in the payment of the debt. The amount of interest upon the bonds sold for resumption purposes is \$3,925,000, and this is the only price we pay for the maintenance of resumption; but to compensate for this, we have already, since resumption, saved in the process of refunding \$11,297,177 a year, and are now enjoying the benefits of reviving industry and hopeful prosperity, largely the result of the maintenance of specie payments. Without a large reserve of coin, a combination of brokers or bankers wishing to put up the rate of interest, or to speculate in the market, could any day endanger resumption or make a

panie. It is hard to please our greenback friends. A year ago they protested we could not accumulate enough gold to maintain resumption, and now, after resumption, they protest that we have got too much.

They say they favor the substitution of greenbacks for national bank notes.

This question of the continuance of the national bank notes is one of grave difficulty, which should be taken up by the people of the United States, and considered and discussed with the utmost care. I am not specially the advocate of any kind of banks; but it is certain that the national banks are the best that ever were devised—conceded to be so by the leading economists of other nations, and proven to be so in our own country by a comparison with the State banks. They are generally distributed throughout the United States, and form local agencies to promote exchanges. Their notes are absolutely secure beyond peradventure. They are guarded against counterfeiting so successfully that scarcely any loss happens in this way. Compared with the old system of State banks, they are in every respect superior, and no sensible man would exchange the national system for the State bank system.

These banks are free, are organized under general law open to all alike; so that the business of banking is as free as that of blacksmithing. There is no monopoly in it, except that only men having money can bank, precisely as only those can farm who either own or rent land. These banks are chartered for twenty years, and the earliest to expire will be in 1883; so that the question of their discontinuance can not honestly be determined until then. The substitution of greenbacks for bank notes, if seriously attempted, would make such a stringency in money, and such a disturbance in business, that in comparison with it the panic of 1873 would be but a shower to a hurricane. The withdrawal of the circulating notes from the banks would, necessarily, compel the sale of the bonds deposited for their security, and this would unquestionably lead to the collection of loans and discounts, which would affect every village and hamlet in the land.

It is objected to the national banks that they draw interest on the United States bonds deposited by them, and also on the circulating notes issued by them. As to the bonds held by them, they

are the property of the stockholders, and not the property of the Government. We require them as security to the holders of the notes, because it is the best security. If the bank goes out of existence the interest of the bonds will still have to be paid by the Government. As to the circulating notes, a part of them must be held in reserve and a part loaned to business men; but for this privilege, open to all alike, they have paid to the National and State governments, taxes averaging \$16,908,181 a year for the last ten years, a sum greater than five per cent. of the entire amount of their circulating notes. If the tax is not sufficient you can increase it. But, it is said, the Government might issue these circulating notes and save interest. In doing so, however, it would lose at once the taxes collected from the banks; it would violate the public faith, pledged in an express provision of the law creating the public debt, that the amount of United States notes shall not exceed \$100,000,000; it would make necessary larger reserves to maintain resumption on the increased amount of United States notes, and would eventually lead to the abandonment of all idea of a specie standard, and again launch the country on the sea of irredeemable money, with the inevitable result of wild speculation, panic, and bankruptcy. Can it be that the shrewd, sagacious people of Maine can not see that by yielding an inch to these dogmas that threaten the public faith and specie resumption they open the sluice-way to repudiation and communism? Let us in due time, as their charters expire, deal with these national banks as may seem best for the public interest, preserving always the public honor and the specie standard.

This platform says:

"The volume of our money should not vary with the chance production of the precious metals or the caprice of corporations."

This dogma is an absurdity on its face. Money is only needed to buy productions, and the quantity, value, and demand for productions create a necessity for more or less money in precise proportion to their amount. A fixed volume of paper money is what the greenbackers have hitherto complained of; and one of the chief merits of the system of free banking is, that it gives an opportunity for the ebb and flow of currency, the increase or diminution of the volume depending, not upon the caprice of corporations,

but upon the demand and necessity for currency. In this respect national-bank notes have greatly the advantage of paper money issued by the Government, which can only be paid out according to the wants and necessities of the Government in the conduct of public business. The true doctrine is, that a volume of paper money, always redeemable in coin and maintained at par by ample reserves, increasing and diminishing according to the demands of business, should be provided by the National Government under general laws, free and open to all alike. Our present system, consisting of gold and silver coin equal to each other, and United States notes and bank notes, always redeemable, comes nearer the ideal form of money than has ever heretofore been devised by man.

#### GREENBACK POLICY IN OHIO.

So much for the Maine platform. Let us turn now to some dogmas in the platform of the greenbackers in Ohio. They say, first:

"The General Government should issue an ample volume of full legal-tender currency to meet the business needs of the country, and to promptly pay all of its debts."

Here is the broad doctrine that the General Government must conduct all its operations with fiat money, made a full legal tender, and supply enough to meet the business needs of the country. How much does this dogma demand? For the latter purpose, to pay its debts, it would need about \$1,700,000,000, and for the former purpose, according to a moderate estimate of a conservative greenbacker, it would require anywhere from \$700,000,000 to \$2,000,000,000 more. In other words, they propose to strike at the foundation of all values by the issue of irredeemable paper money, to be used a part in paying the national debt in violation of the public faith, and the balance as a legal tender upon all contracts and debts between private citizens. It is strange that honest men should proclaim such a dogma and not be able to see that the only effect would be to destroy the value of this currency, and to compel citizens to resort to barter, and, finally, with or without law, to coin again. This is the extremity of greenbackism in Ohio.

Again, they say, "We are inflexibly opposed to the issue by the Government of interest-bearing bonds of any description for any purpose whatever."

If this dogma had been adopted by the Government, it would have been utterly helpless during the recent war—without credit, without the power to borrow money, without the power to conduct the operations of war, or to carry on foreign trade. The power to borrow money is indispensable to every government of civilized man. Barbarians may live without trade or contracts or debts, but a country that had no resources except to issue paper money under dogma number one, and denied the power to contract debts under dogma number two, would be as weak as a rope of sand, and, under these conditions, our Government would relapse into anarchy or despotism.

They also say: "The national-banking system should be immediately abolished."

This only differs from the Maine platform in that it demands that the national banks shall be *immediately* abolished. They will not wait a year or a day. Without warning they will compel the collection of all the notes held by the banks, and precipitate ruin upon every business man or manufacturer in the country.

They further say: "We demand the immediate calling in and payment of all United States bonds in full legal-tender money."

This is still more monstrous, when it is remembered that no debt of the United States is now due or redeemable; that this administration has redeemed all the bonds that have matured by the issue of 1 per cent. bonds, in the way I have already stated. The next bonds that are redeemable are those known as the long bonds of 1881, issued before the legal-tender act was passed, and the 5 per cent. bonds issued under the refunding act, all of which are expressly payable in coin.

It will be seen that this dogma demands that we should violate the express stipulation of the contract, not only as to the time when the bonds shall be paid, but as to the manner in which they shall be paid. There was at one time an honest dispute as to the terms and conditions upon which the five-twenty bonds would be paid.

## PAYMENT OF BONDS IN GREENBACKS.

I have been arraigned recently in your city for inconsistency, because ten years ago, in a letter to Dr. Mann, I insisted that by a fair construction of the loan acts under which the five-twenty bonds were issued they were payable in greenbacks. So I did contend, and so I say now; but I also insisted that we were bound by law and public policy, after the war was over, to advance these notes to par in coin, and that we could not take advantage of our own wrong in postponing the redemption of United States notes in order to pay our bonds in depreciated and dishonored paper money; and this principle was the basis of the act to strengthen the public credit, passed March, 1869. Well, we have at last redeemed our pledge to the note-holder, and we have now paid these very five-twenty bonds in United States notes with a far greater saving than if we had paid them in greenbacks ten years ago, and with infinitely greater advantage to the public credit.

There is now no public debt about which any question exists as to the terms and conditions upon which it must be paid, and yet it is proposed to violate these conditions by the wholesale, and place the United States of America in a far worse position of dishonor and repudiation than Mississippi or Louisiana, or Egypt or Turkey.

Is it possible to go farther in the road of dishonor than is proposed in these platforms?—and yet the Democrats of the State of Maine, members of the old, powerful organization which for half a century controlled the destinies of the Government, are asked at the end of a great war to support and maintain dogmas which strike at the public honor, the public faith, and all the cherished principles and aims of that party in its palmy days. You are now expected to adopt the crazy dogma of extreme opinions, at war with every thing that was said by Jefferson, or Madison, or Jackson, or any of your time-honored leaders. I know that it is against the judgment, against the instincts, of odd-fashioned Democrats to train under such a banner, and I appeal to them now to come to the rescue of their country—not to be carried by a party name or a party badge to the dishonor of their country and the shame of their children.

I have sometimes thought that the Democrats of the Northern States have been led through devious paths enough by the rebels of the South in their effort to destroy the Government, and in their later movements to sap and mine all the great powers of the National Government; but these extreme greenbackers, as they are called, ask you now to follow them in a voyage more dangerous, upon dogmas that can not meet the plain common sense and reason of patriotic citizens, such as compose the great body of the Democratic party.

One of the members of Congress from the State of Maine, the Hon. G. W. Ladd, is reported to have paid his attention to me, in a speech in this city, in the following language:

"Mr. Sherman has sold one hundred and ninety millions of four per cent. bonds, in one day, to bloodsuckers who were choking the country, and he should be impeached."

By this act, in a single day, the Treasury Department saved to the people of the United States the sum of \$1,900,000. The "bloodsuckers" to whom he refers are those who purchased the forty millions of ten-dollar refunding certificates, who formed in long lines in front of eight hundred post-offices in the United States, each demanding the sum of one hundred dollars or less of those certificates in exchange for United States notes, and the purchasers of \$150,000,000 United States bonds taken by banks to be sold again to citizens and corporations throughout the United States and in Europe, bearing the lowest rate of interest at which the United States has ever been able to negotiate its securities. The proceeds were, within ninety days, applied to the payment of bonds upon which for sixteen years the Government of the United States had been paying five per cent. in gold. These "blood-suckers" are among the most prominent and enterprising and industrious citizens of the United States, anxious and willing to trust the Government with their earnings, in the full faith that the promises made to them upon their bonds and certificates will be faithfully redeemed, and yet they are denounced by this Congressman with terms of reproach, and I, for doing what the law commanded me to do, and which, I proudly say I was able to do, through resumption and confidence in the public faith, "deserve impeachment." There must be something, fellow-citizens, in this *craze* which destroys the reason of men.

The Cincinnati *Enquirer* threw out what was intended to be a slur upon Mr. Sherman, as indicated below. Once it was intimated, in the same quarter, that he was making money out of his connection with the Government. To this a complete answer was published, by the same paper, vindicating Mr. Sherman. That paper does not hint now, that the Secretary is leaving \$30,000,000 in the banks for his own benefit. It is probably aware of what is a fact, that Mr. Sherman does not own a dollar's worth of stock, except \$2,000 in a Mansfield bank, and \$5,000 in a Cleveland bank, purchased while they were State Banks of Ohio. It is now hinted that this is intended for the benefit of "Jay Cooke, McCulloch & Co." The writer is not aware that Jay Cooke owns any thing in any bank. It is devoutly to be hoped that he does. If the treasury of the United States had thirty million dollars that it could not use for a few days, and were amply secured by United States bonds, against the possibility of loss, it was no more than justice to Mr. Cooke to let them lie. Mr. Cooke had sold for the State of Pennsylvania bonds to the amount of \$3,000,000, at par, for three per cent., when they were about to offer fifteen per cent., to help the Government. He had sold bonds for the Government, \$700,000,000 for three-eighths of one per cent., when the lowest bid elsewhere was two per cent. The Government owes him at least its kind remembrance.

But these ungrateful attacks upon Secretary Sherman, after the mighty work he has done, costing him more than twenty years of intense thought and hard labor, not for a party, but for his country, should arouse the indignation of all who regard their country's honor more than their party's self. Every man that can take his greenback dollar and get the value of a full dollar for it, should blush to

accuse Mr. Sherman of any sinister motive in this matter, and deserves to be frowned down by every honest man. He knows that the guild is for the benefit of the whole people, and it would be a violation of its laws, to do that wantonly which would derange the business of the country.

Mr. Sherman explains as follows:

GENTLEMEN: I thank you for your kind reception in this busy mart of commerce. I know that you are business men, and have no time to waste; nor have I any speech to make to you, except upon one matter of business, which affects you in common with all the people of the United States. Some criticism has been made recently in respect to an order of the Treasury Department, and as I received last evening the official documents and will be able to make the matter clear, I will consume a few moments of your time to state the circumstances and the character of the order that you have heard so much about, by which the Treasury Department refused to call from the money market of the United States about fifty million of United States notes in the busiest season of the year.

You know, my fellow-citizens, that the great refunding operations of the United States have been so conducted as not to disturb the money market, and this has been done mainly by an exchange of 4 per cent. bonds for 6 per cent. and 5 per cent. bonds, without drawing from the market any of the legal tender in daily circulation. The process proceeded so smoothly and rapidly that in less than eight months over five hundred millions of 6 per cent. bonds were exchanged for 4 per cent. bonds. In July last about seventy millions of called bonds, none of which bore interest, were presented at the treasury for payment, and there were deposited in national bank depositories about fifty-five million United States notes or coin available to pay called bonds.

When I returned from a recent visit to New York I learned that, under the order that I myself directed, the money was being drawn from the depositories very rapidly, but at the same time the bonds were not presented at the treasury. On the 13th day of August I found that \$6,000,000 of United States notes had been drawn from the market in New York in excess of the amount

necessary to meet the called bonds. Then, by the advice of Mr. Gilfillan, the Treasurer of the United States, I issued an order by which no more money should thereafter be called from the market, except enough to meet the called bonds as presented. Here is the order. I will read it:

"TREASURY DEPARTMENT, August 13, 1879.

"*Hon. James Gilfillan, Treasurer United States:*

"SIR—With a view to closing, as soon as practicable, the accounts of the department with depository banks on loan account, without unnecessary disturbance of the money market, or the withdrawal of legal tenders from current business, you will please receive from each depositories in payment called bonds to be credited when passed through the Loan Division. You will require from each depositories sufficient money in addition to the called bonds, and so as to insure the withdrawal of all deposits on loan account on or before the 1st of October next. The letter of the department of March 26 is modified accordingly.

"Very respectfully, JOHN SHERMAN, Secretary."

Now, my countrymen, that is the order about which complaint has been made. I here have a table showing the condition of the Treasury of the United States on Saturday evening last. At present, or on Saturday evening last, there were outstanding called bonds, uncovered, \$18,952,253.61, in all, upon which interest had accrued, and which are payable on demand, and the money was on deposit. We had deposited in national bank depositories, secured absolutely beyond peradventure, \$32,947,613.51.

So we had drawn from the national depositories over \$16,000,000 legal-tender notes more than were necessary to meet outstanding claims.

Now, my countrymen, if I had not made the order that I have read to you, on the 13th of August, there would have been the most infernal howl among business men that could have been described. Suppose that I had not issued that order, and that I had withdrawn from active circulation \$32,000,000 legal-tender notes! I glory in that order. [Applause.] It was the best thing to do. That money was left in the channels of trade until it was needed to meet the called bonds; and, since the day of that

order, we have paid more than \$1,000,000 a day called bonds, without affecting your money market. We intend to pursue that line of policy, and, on the 1st of October, we will close the refunding operations of the Government, without in the least disturbing your market.

Now, fellow-citizens, merchants and traders, let me congratulate you upon the auspicious end of the policy of resumption. [Applause.] One year ago, when I appeared before you, there was some doubt hanging over the policy—there were some clouds in the sky. They have now disappeared. Even the most doubtful man feels that the policy adhered to has been a wise policy for the people of the United States.

## CONCLUSION.

### RESUMPTION ACCOMPLISHED.

JANUARY 1, 1879. This morning dawned upon the United States producing a joy, not less universal than that of the defeat of Cornwallis or the surrender at Appomattox Court-house. The demonstrations were not so loud, there was not so much powder burnt, nor were there so many arms and legs shattered and lives lost, but it was felt to be a grand victory. The hearts of the people were full of rejoicing, and the papers abounded with anecdotes about resumption. One man had so little faith in its success, that he had offered \$50,000 for the privilege of being the first to receive the specie, and when the day came he could not have sold his chance for fifty cents. Another, on the first issue of United States notes, had taken a five dollar bill, pasted it up in his counting-room, surrounded it with a broad black line, as if *in memoriam* of the departed faith of the United States, not expecting ever to see it redeemed, but on this day his mourning was turned into joy. This was really a happy New Year. John Sherman had given to all the forty millions of free people of the United States liberty to purchase a bright silver or gold dollar. There was a quiet settled smile of joy upon every countenance from the Lakes to the Gulf, and from the Atlantic to the Pacific. The joy of this whole nation was not unlike that of the new-born Christian, when he emerges from darkness into

light. Not unlike in its cause and in its manifestation, the joy of the new-born Christian which arises from his leaving the wrong, and commencing to do right. This is just what took place in our national guild on the first day of January, 1879. The nation in that respect was converted on that day, and it was done by the FAITH OF THE HON. JOHN SHERMAN. That joy touched a chord of sympathy, even across the dashing billows of the Atlantic. The great Thunderer on the banks of the Thames roared with approbation, and the antiquated court of old Spain sent a note of commendation through Secretary Evarts to the Hon. John Sherman, for his grand achievement. All nations rejoiced with us that day. It was a grand national victory, but there was no victim, no gory battle-field, no groans of the wounded, no mourning widows, and orphans, and captives. All was peace on all sides.

Some say it was no great trick of Secretary Sherman to bring about specie payments. The balance of trade was immensely in our favor. Europe and Asia were buying more and more of us, and we less and less of them. Our bonds, in fact, were rapidly coming home, not through fear, but through the necessity of trade. Money was plenty and cheap. Why, it was nothing at all to resume. So it was nothing at all to make an egg stand on the little end, after Columbus showed how. It was easy to come to America, after the faith of the great discoverer found the way. Just so it is with resumption. It seems easy enough now. It is a wonder we did not all see it before, but we did not? John Sherman saw it, and told us so long before the panic. He told us so during the panic. He has told us so since the panic, and he has labored night and day, early and late, as no slave in the mines of Golconda ever

labored for gems; he has written and talked for years to convince us that faith only was needed to resume at any time. He has struggled and fought with both Democrats and Republicans to bring it about. Now it is done, and it was John Sherman's faith that did it, or, rather, that persuaded the nation to do it, and for this he is entitled to the highest honors this nation can bestow. In truth he has them now. There is no higher niche of fame for him to reach in this world.

As an evidence of the appreciation in which he is held at his home, the following remarks of Col. Fink at his reception here in Mansfield, August 21, 1879, are annexed:

"**MY FELLOW-CITIZENS:**—We all love Mansfield, we love old Richland county, and we love dearly this proud State of Ohio; but more than all we love this glorious Republican nation. No one of us all would be willing that other lines than the swelling sea that breaks upon either shore, should bound our native land. No less than we love this country, we love its laws. For them has our distinguished townsman struggled in the long years of his public life. By these struggles has he been fitted, and by wisdom gained to guide, until he stands a height that needs no pedestal.

"We welcome our townsman to-night as a neighbor and citizen, yet more than welcome him—America's greatest Financier. He is not ours alone, but wherever American air is breathed there he is owned.

"Well may our faces be wreathed in smiles and our hearts filled with gladness, as he again comes among us to take us by the hand and speak words of cheer for the hopeful prosperity of the land we love so well. He comes to us fresh from other fields where his voice has been heard, and his words have been spoken in the cause of good govern-

ment. And now, he is to address us to-night and tell of the work so nobly going on. But your ears are attuned to his voice, and your hearts are anxious for the words of his lips; therefore, allow me to present you the Hon. John Sherman, Secretary of the Treasury of the United States."

After a well-timed speech by the Secretary, Col. Fink again rose and said:

"My friend says I set him up too high, but you all remember when a compliment had been paid to General Washington, and he arose to reply, but the words would not come, and the speaker said, 'Sit down, Mr. Washington, sit down; your modesty is only equaled by your worth.' We know that the spindles are again turning where once they were still. We see the blazing furnaces that once were dark. We again hear the buzzing work-shops all over this broad land, and growing confidence and returning prosperity are bringing happiness again to all our people; and wherever the old flag floats on land and on sea—the emblem of our nationality—the greenback dollar passes as gold, based upon the credit of our nation's banner. To his cool brain and strong heart in the face of an opposition from which lesser men would have recoiled, we owe it all. He is worthy of our highest thoughts, for place your right hand upon his great heart, and it will beat America at every pulse.

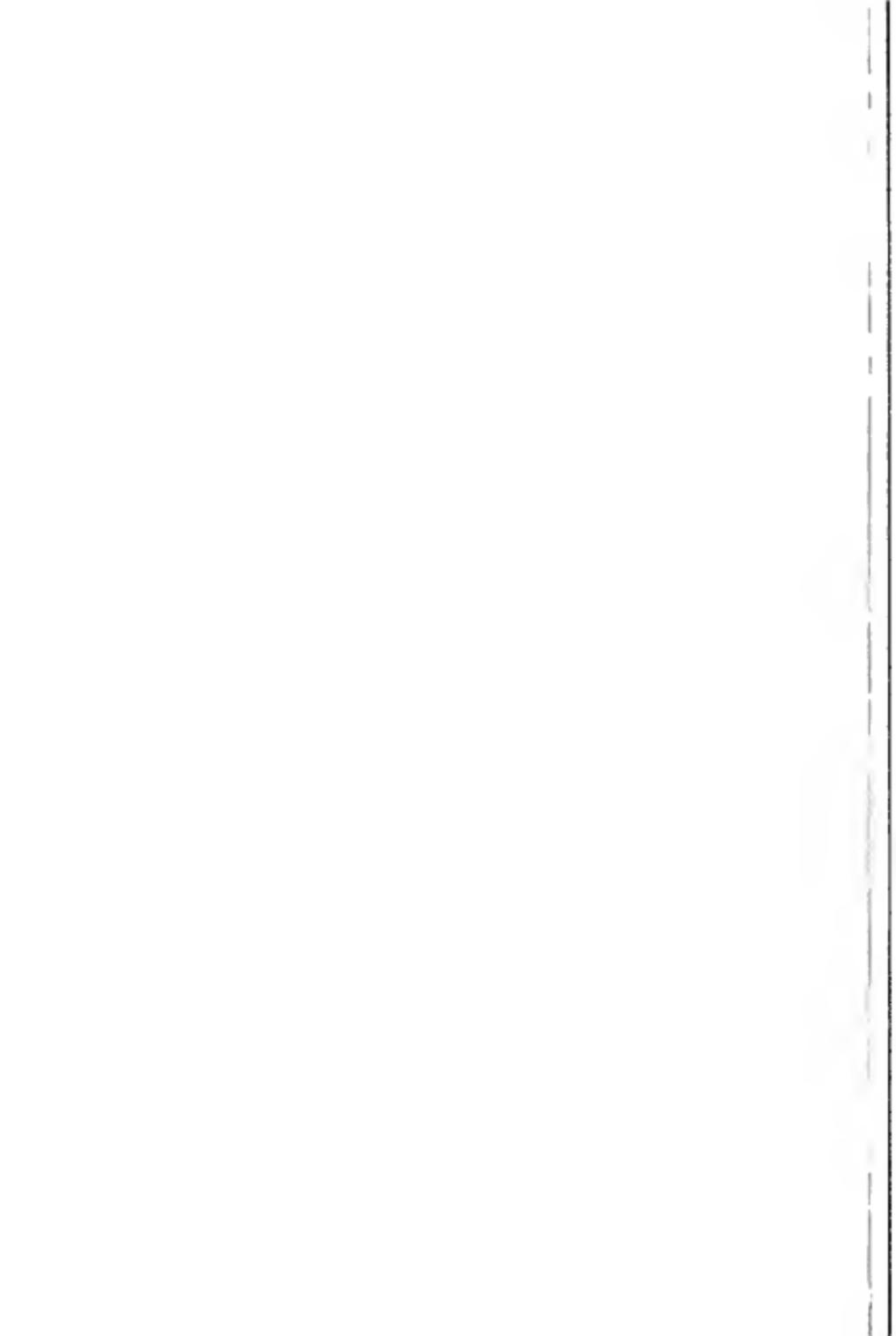
"Such is our own townsmen; and as a warrant of your good will, up with your hats and open your lips, and now three cheers for the great financial Secretary."

A large concourse responded with three times three.

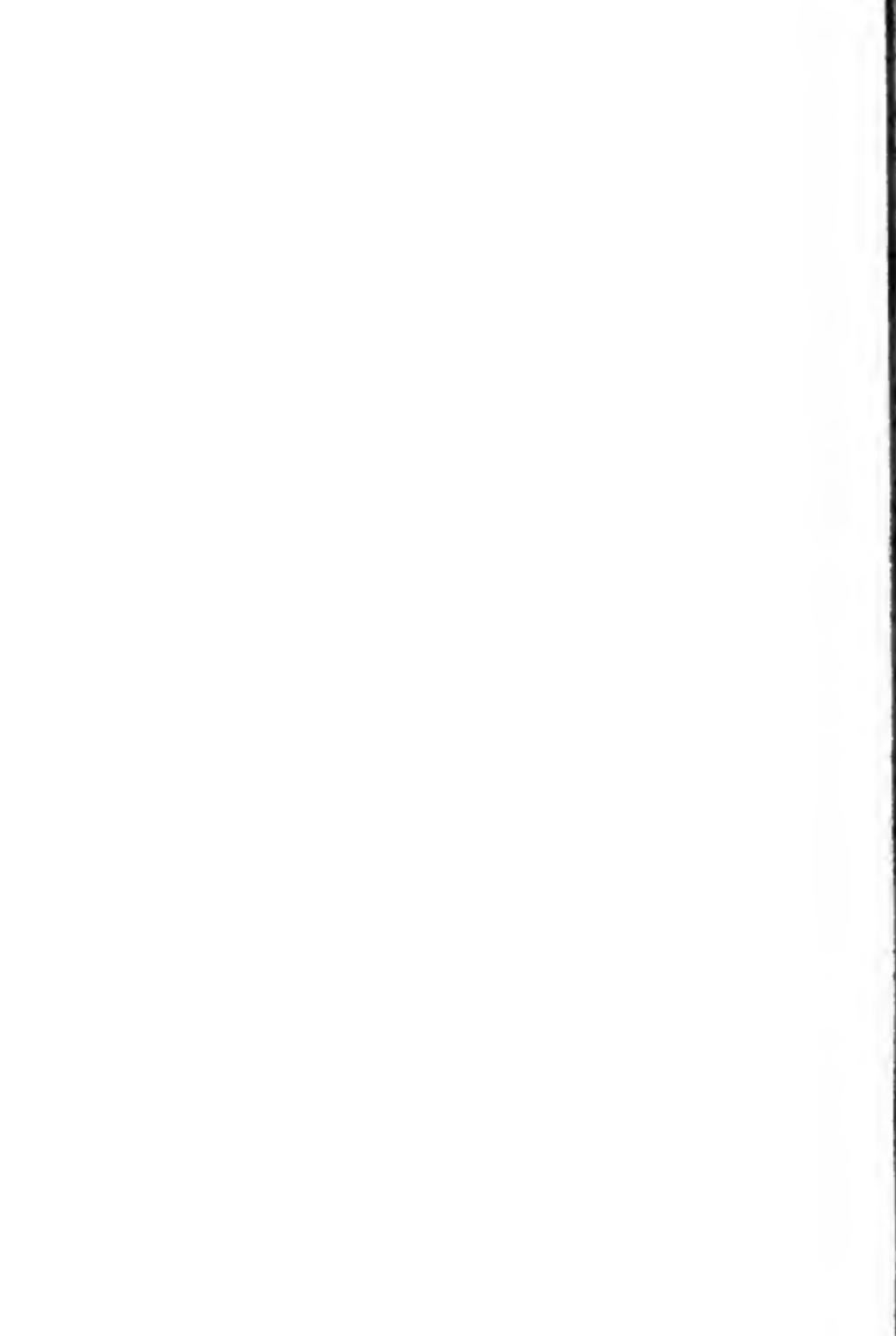
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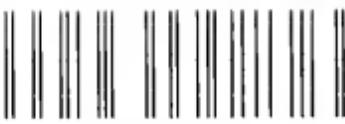












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